



# ACO GROUP BERHAD





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## CORPORATE PROFILE



No.14, 14A, 14B, 14C (PLO 264), Jalan Firma 3, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor, Malaysia.

PEJABAT URUSAN, GUDANG DAN PEMBEKAL BARANGAN ELEKTRIK

**Actgen**  
*Industry*

**ACTGEN INDUSTRY SDN BHD**



## CORPORATE PROFILE (Cont'd)



ACO Group Berhad (“ACO” or the “Company”) is an investment holding company, and through its subsidiaries (“ACO Group” or “the Group”), is principally involved in the distribution of a wide range of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; as well as electrical appliances and accessories.

Other products include water plumbing materials, power tools and accessories, in addition to CCTV and alarm systems.

Operating from our headquarters in Johor Bahru, the Group has sales outlets and distribution centres across Johor, Melaka and Selangor with a lighting concept store, “UR Home Light”, in Johor Bahru. Meanwhile our associate company, Focus Electrical Malaysia Sdn. Bhd. (“FEMSB”) has theirs strategically located in Selangor, Pahang and Terengganu.

To meet the diverse needs of our residential, commercial and industrial customers, we distribute a wide range of own brands as well as third party brands, of which we are the authorised distributor for 9 established global brands.

Our customers include:-

- Distributors and retailers
- Electrical contractors
- Electrical product manufacturers
- Factory and business owners
- Architects
- Interior designers; and
- Equipment and machinery repair and maintenance service providers

ACO was listed on the ACE Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services sector on 18 March 2020.

## DISTRIBUTION OF OFFICES

### ACO Group of Companies

#### JOHOR

Head Office



1 Distribution Centre



1 Lighting Concept Store



4 Sales Outlet

2



1

MAYDENKI

1

MAYLEK

#### MELAKA

2 Sales Outlets

1



1



#### SELANGOR

1 Distribution Centre



2 Sales Outlets



### Associate Company

#### SELANGOR

1 Sales Outlet



#### PAHANG

1 Distribution Centre

3 Sales Outlets

#### TERENGGANU

1 Sales Outlet

## VISION, MISSION & BUSINESS MODEL

### VISION

To be the leading distributor of electrical products and accessories in Malaysia, by constantly evolving to the demands of the market and offering quality solutions and high value to our suppliers, dealers and customers.

### CORE VALUES

- Creating customer value through better energy management
- Respect for the environment and health and safety of employees
- Adding value through innovation and continuous improvement
- Creating sustainable shareholder value through quality operations



### BUSINESS MODEL

Distribution of Electrical Products and Accessories

- Cables, wires and accessories
- Electrical distribution, protection and control devices
- Electrical appliances and accessories
- Others include water plumbing materials, power tools and accessories, CCTV and alarm systems

## KEY EVENTS AND MILESTONES

**1991**

Commenced operations as a distributor of electrical products and accessories in Taman Johor Jaya, Johor Bahru, Johor focusing on electrical distribution, protection and control devices.

**1993**

Expanded distribution activities in Taman Johor Jaya, Johor Bahru, to serve the Public Works Department ("JKR") related infrastructure projects.

**1997**

Secured distributorship for Schneider Electric's range of electrical distribution, protection and control devices.

Commenced distribution of electrical products and accessories in Taman Sinn, Semabok, Melaka.

**2004**

Secured distributorship for KDK's range of electrical appliances, namely fans.

**2002**

Secured distributorship for Omron's range of electrical distribution, protection and control devices.

**2000**

Commenced distribution of electrical products and accessories in Cheras, Kuala Lumpur.

**2009**

Established a distribution centre in Taman Perindustrian Sri Plentong, Masai, Johor and commenced distribution of electrical products and accessories to resellers including distributors and retailers.

**2008**

Secured distributorship for Hager's range of electrical distribution, protection and control devices, and electrical accessories namely switches and power outlets.

Secured distributorship for ABB's range of electrical distribution, protection and control devices.

**2005**

Commenced distribution of cables and wires.

**2012**

Established a sales outlet in Jalan Sungai Abong, Muar, Johor.

**2010**

Secured distributorship for Panasonic's range of electrical appliances, namely fans and water heaters.

## KEY EVENTS AND MILESTONES (Cont'd)

### 2020

Listed on the ACE Market of Bursa Malaysia Securities Berhad

Entered into a business collaboration agreement with Prima Nexus Sdn Bhd (health technology solutions provider) to promote and sell rapid test kits, diagnosis materials and personal protective equipment required to conduct health screening amidst the Covid-19 pandemic.

Acquired 49% equity interest in Focus Electrical Malaysia Sdn Bhd. ("FEMSB"), one of the major distributor of electrical products and accessories in the East Coast.

### 2021

Established new head office in Tebrau 4.

### 2022

Acquired 10% of the enlarged issued share capital of EV Connection Sdn Bhd, a one-stop electric mobility service provider specializing in electric vehicle charging solutions and charging stations.

### 2016

Secured distributorship for Ledvance range of electrical accessories, namely lightings and fittings, as well as Schneider Electric range of electrical wiring devices (refers to switches and power outlets) and final distribution products (refers to electrical distribution, protection and control devices).

Established sales outlet in Taman Industri Pandan Indah, Selangor.

### 2017

Established an online ordering system namely Maydenki-mart focusing on electrical distribution, protection and control devices to enhance customer service and convenience.

Established sales outlet (Semenyih Sentral) and distribution centre (Kawasan Perindustrian Lekas) in Semenyih, Selangor.

### 2019

Opened first lighting concept store in Eco Business Park 1, Johor Bahru, Johor.

### 2014

Secured distributorship for Maxguard's range of electrical distribution, protection and control devices.

Launched its own brand of control and instrumentation, and communications cables under Multi5 brand.

Secured distributorship for Siemen's range of electrical distribution, protection and control devices.

Launched own brand of low voltage ("LV") transformer for metering devices under Sonico brand (later rebranded to Sonko).

Started providing cut-to-length cables and wires for selected types of power and communication cables. Additionally, we established an online ordering system namely Accura focusing on cables and wires to enable customers to check availability of cable length and pricing.

### 2015

Launched own brand of lightings and fittings under Hikari (later rebranded to Afg).



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Yap Koon Roy**  
(Independent Non-Executive Chairman)

**Tang Pee Tee @ Tan Chang Kim**  
(Group Managing Director)

**Tan Yushan**  
(Non-Independent Executive Director)

**Chai Poh Choo**  
(Non-Independent Executive Director)

**Dr. Teh Chee Ghee**  
(Independent Non-Executive Director)

**Ir. Dr. Ng Kok Chiang**  
(Independent Non-Executive Director)

### AUDIT AND RISK MANAGEMENT COMMITTEE

Dr. Teh Chee Ghee (Chairman)  
Yap Koon Roy  
Ir. Dr. Ng Kok Chiang

### REMUNERATION COMMITTEE

Ir. Dr. Ng Kok Chiang (Chairman)  
Yap Koon Roy  
Dr. Teh Chee Ghee

### NOMINATION COMMITTEE

Yap Koon Roy (Chairman)  
Dr. Teh Chee Ghee  
Ir. Dr. Ng Kok Chiang

### COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)  
(SSM PC NO. 202008001472)  
Fong Seah Lih (MAICSA 7062297)  
(SSM PC NO. 202008000973)

### PRINCIPAL BANKERS

HSBC Amanah Malaysia Berhad  
Hong Leong Islamic Bank Berhad  
Alliance Bank Malaysia Berhad

### SPONSOR

Alliance Islamic Bank Berhad  
Level 3, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : (03) 2604 3333  
Fax : (03) 2697 2929

### HEAD OFFICE

PLO 264, No. 14, Jalan Firma 3,  
Kawasan Perindustrian Tebrau 4,  
81100 Johor Bahru  
Johor Darul Takzim  
Tel : (07) 361 9399  
E-mail : [ir@acogroup.com.my](mailto:ir@acogroup.com.my)  
Website : <http://www.acogroup.com.my>

### REGISTERED OFFICE

Unit 30-01, Level 30  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : (03) 2783 9191  
Fax : (03) 2783 9111

### AUDITORS

RSM Malaysia PLT  
5th Floor, Penthouse,  
Wisma RKT, Block A,  
No. 2, Jalan Raja Abdullah  
Off Jalan Sultan Ismail,  
50300 Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur  
Tel : (03) 2610 2888  
Fax : (03) 2698 6600

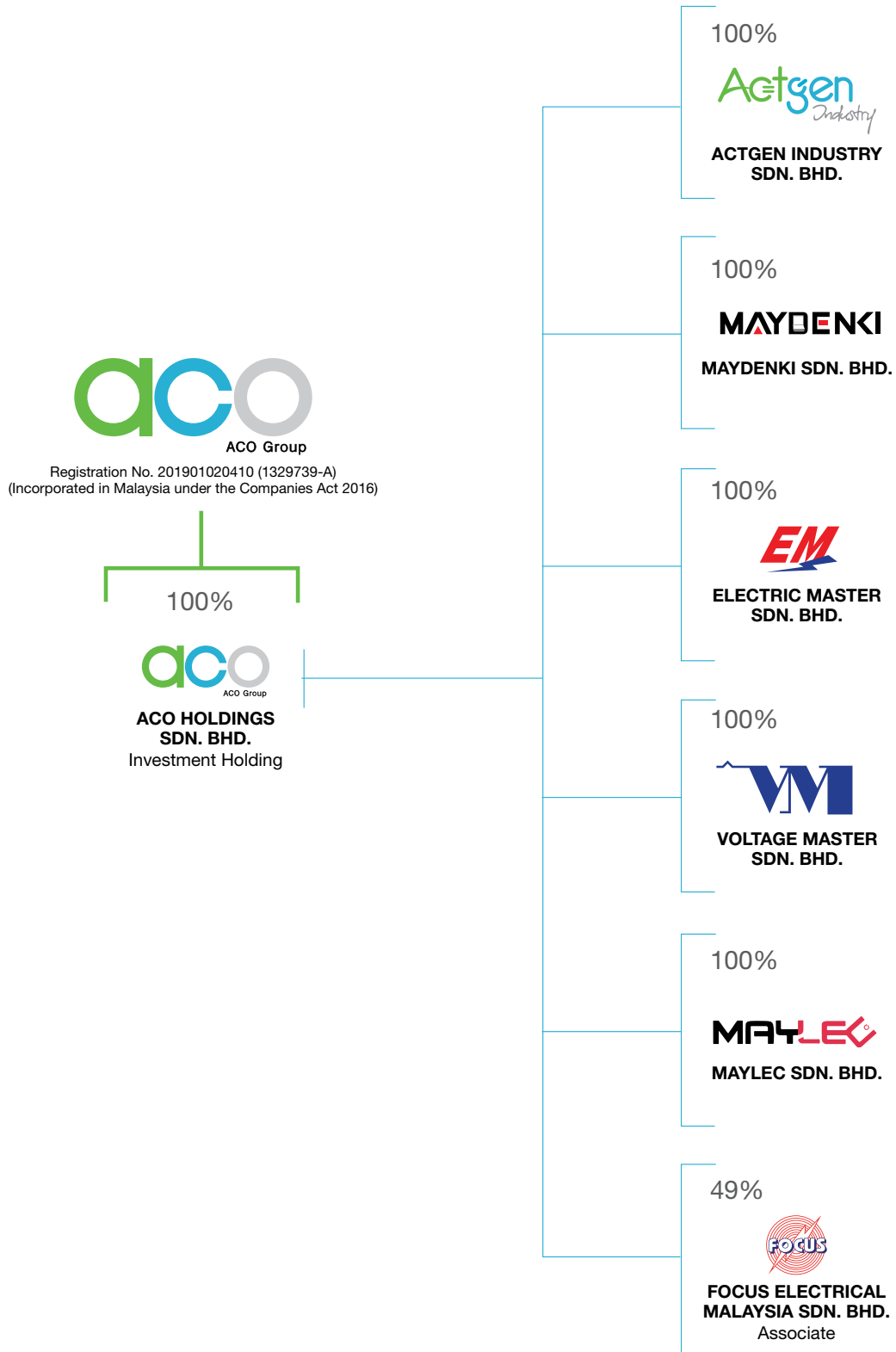
### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur  
Tel : (03) 2783 9299  
Fax : (03) 2783 9222

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name: ACO  
Stock Code : 0218  
Listed on 18 March 2020  
Shariah-compliant counter

## GROUP CORPORATE STRUCTURE



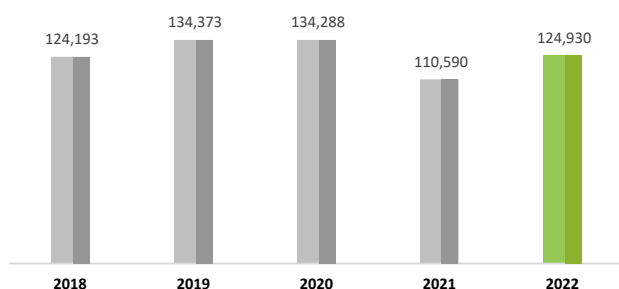
## FINANCIAL HIGHLIGHTS

Financial Year Ended	2018	2019	2020	2021	2022
Revenue (RM'000)	124,193	134,373	134,288	110,590	124,930
Gross Profit (RM'000)	19,676	22,218	25,966	18,751	19,913
Profit from Operations (RM'000)	7,352	10,195	11,286	5,545	7,904
Net Profit (RM'000)	5,003	7,416	7,835	2,846	7,063
Total Equity (RM'000)	31,327	36,293	44,129	72,642	84,417
Net Assets Per Share (Sen)*	11.49	14.59	18.24	21.96	24.30
Basic Earnings Per Share (Sen)**	1.79	2.84	3.17	0.86	2.03

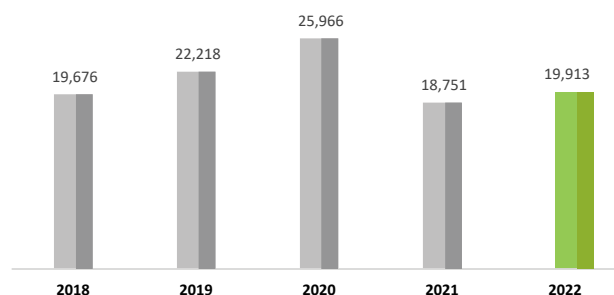
\* For FYE 28 February 2022, this is based on net assets attributable to owners of the Group divided by 347,371,000 shares.

\*\* For FYE 28 February 2022, this is based on the net profit attributable to owners of the Group divided by 347,371,000 shares.

**Revenue**  
(RM'000)



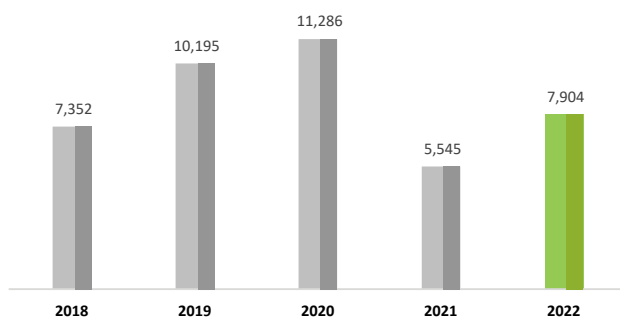
**Gross Profit**  
(RM'000)



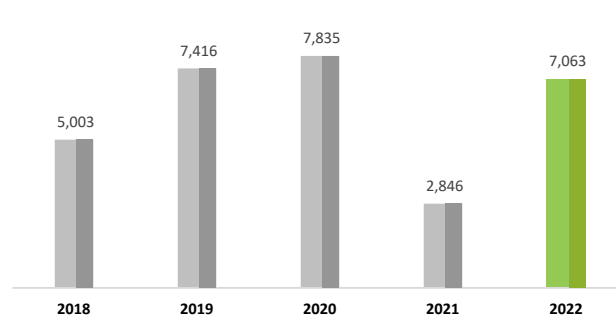
# FINANCIAL HIGHLIGHTS

(Cont'd)

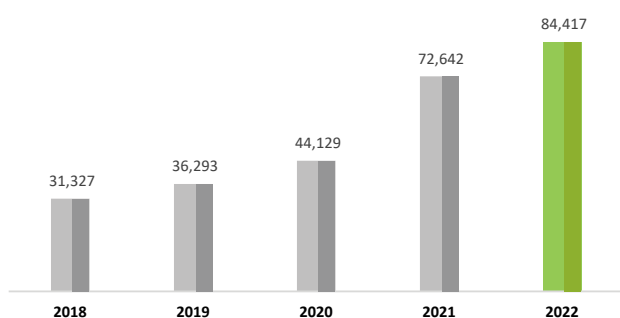
**Profit from Operations**  
(RM'000)



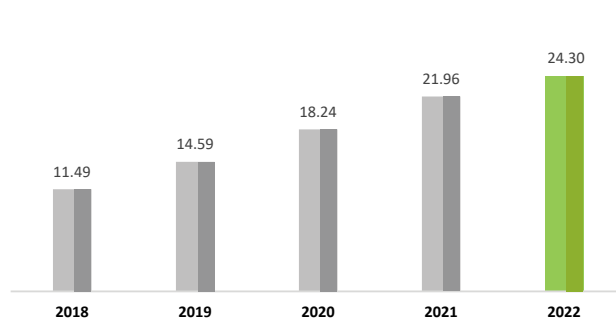
**Net Profit**  
(RM'000)



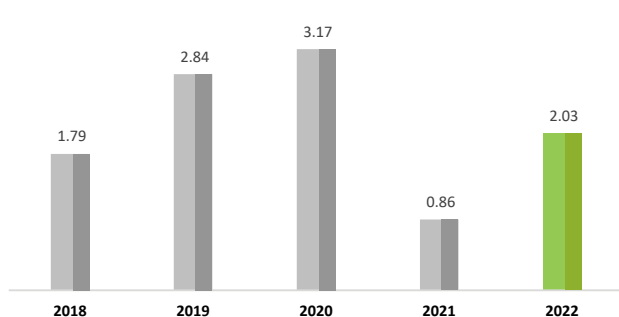
**Total Equity**  
(RM'000)



**Net Assets Per Share**  
(Sen)\*



**Basic Earnings Per Share**  
(Sen)\*\*



**BOARD OF DIRECTORS**

# Board of Directors

*from left*

**Mr. Tang Pee Tee @ Tan Chang Kim**  
*(Group Managing Director);*

**Ir. Dr. Ng Kok Chiang**  
*(Independent Non-Executive Director);*

**Ms. Chai Poh Chai Choo**  
*(Non-Independent Executive Director);*

**Mr. Tan Yushan**  
*(Non-Independent Executive Director);*

**Dr. Teh Chee Ghee**  
*(Independent Non-Executive Director);*

**Mr. Yap Koon Roy**  
*(Independent Non-Executive Chairman)*





## BOARD OF DIRECTORS (Cont'd)



## BOARD OF DIRECTORS' PROFILE



### YAP KOON ROY

*Independent Non-Executive Chairman*

<b>Nationality</b>	<b>: Malaysian</b>
<b>Age/Gender</b>	<b>: 60/Male</b>
<b>Date of Appointment</b>	<b>: 5 August 2019</b>

### MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of Nomination Committee
- Member of Audit and Risk Management Committee
- Member of Remuneration Committee

### EXPERIENCE

Yap Koon Roy obtained his Bachelor of Laws Honours from the University of Malaya, Malaysia in 1986. He also holds an Associate Qualification in Islamic Finance from the Islamic Banking & Finance Institute of Malaysia.

Mr. Yap started his career in 1987 when he joined the legal firm Messrs. Nordin & Phua and was made partner of the firm in 1991. He then left the firm in 1997 to set up his own practice, Messrs. Yap Koon Roy & Associates in the same year.

He has more than 31 years of experience in legal practice, mainly advising on commercial, estate, property and banking matters.

Mr. Yap has been appointed since 2009 as an Independent Non-Executive Director of DFCITY Group Berhad (formerly known as Hock Heng Stone Industries Berhad), a company listed on the Main Market of Bursa Securities and he still holds its position to date. He had also served as an Independent Non-Executive Director of Perfect Food Industries Berhad (presently known as MK Land Holdings Berhad) from 1994 to 1999 and Golsta Synergy Berhad (presently known as HCK Capital Group Berhad) from 1999 to 2004.

Mr. Yap does not have any family relationships with any Director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### TANG PEE TEE @ TAN CHANG KIM

*Group Managing Director*

**Nationality** : Malaysian  
**Age/Gender** : 75/Male  
**Date of Appointment** : 5 August 2019



### MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

### EXPERIENCE

Mr. Tang Pee Tee @ Tan Chang Kim graduated from University of Malaya, Malaysia with a Bachelor of Electrical Engineering in 1972. He was a registered member of the Board of Engineers Malaysia as a Professional Engineer and Professional Engineer with Practicing Certificate (Electrical).

Mr. Tang has extensive experience in electrical products industry with a career that started in 1972 as an Electrical Engineer with the Public Works Department in Johor. In 1979, he left the Public Works Department as a Senior Electrical Engineer and went into the business of distribution of electrical products.

In 1990, he founded ACO Group with the establishment of its first sales outlet in Johor. Over the years, he has been instrumental in expanding the Group's overall operations within Peninsular Malaysia with the opening of multiple stores across Johor, Selangor and Melaka.

As the Group Managing Director, he is responsible for the overall strategic direction of ACO Group and development of the Group's business strategy.

Mr. Tang is the father of Tan Yushan and spouse of Jin Siew Yen, who is a substantial shareholder. He does not have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)



**TAN YUSHAN**  
*Executive Director*

Nationality	: Malaysian
Age/Gender	: 37/Male
Date of Appointment	: 5 August 2019

### MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

### EXPERIENCE

Tan Yushan obtained a Bachelor of Commerce from The University of Western Australia in 2007. He also serves as a full member of Certified Practising Accountant Australia and Chartered Accountant of the Malaysian Institute of Accountants.

As Executive Director, Mr. Tan is responsible for managing the overall day-to-day operations and business development of the Group, as well as implementation of the Group's business strategy. He is also currently the Acting Chief Financial Officer.

Mr. Tan started his career in KPMG Malaysia in 2007 as an Audit Associate where he was involved in various statutory and special audits of companies in a wide spectrum of industries.

In 2010, he left KPMG Malaysia and joined the Group as Finance Manager in one of the Group's subsidiaries, where he was mainly responsible for finance related matters as well as budget planning and supporting the executive management team. He was also involved in assisting the management to review and assess potential business opportunities.

Over the years, he was involved in various functions, holding senior leadership roles in finance and accounting, marketing and business development as well as operations management across the Group.

Tan Yushan is the son of Mr. Tang Pee Tee and Jin Siew Yen, both of whom are substantial shareholders. Tan Yushan has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### CHAI POH CHOO

*Executive Director*

**Nationality** : Malaysian  
**Age/Gender** : 50/Female  
**Date of Appointment** : 5 August 2019



### MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

### EXPERIENCE

Chai Poh Choo has accumulated more than 25 years of experience in the electrical products distribution industry.

Ms. Chai began her career in 1991 as a Production Clerk at Pacific Peninsula Textiles Sdn Bhd before joining Bee Bee Garment Sdn Bhd as a Merchandiser in 1992.

Between 1993 and 2000, she worked for a distributor of electrical products, gaining strong industry knowledge in sales of electrical products and accessories.

She has been with the Group since 2000, joining as an Assistant Branch Manager before she was promoted to Branch Manager in 2002. She was then responsible for managing the operations of the sales outlet in Selangor. In 2010, she was promoted as General Manager in one of the Group's subsidiaries and has since been responsible in overseeing the day-to-day business operations of the industrial user division of our Group.

She has played a significant role in the operations and sales growth of our Group, particularly in the setting up of our branch sales outlet in Semenyih, Selangor. Her contributions are important to the Group, particularly in the growth of the business in the Central region of Peninsular Malaysia and the expansion of the Group's product range.

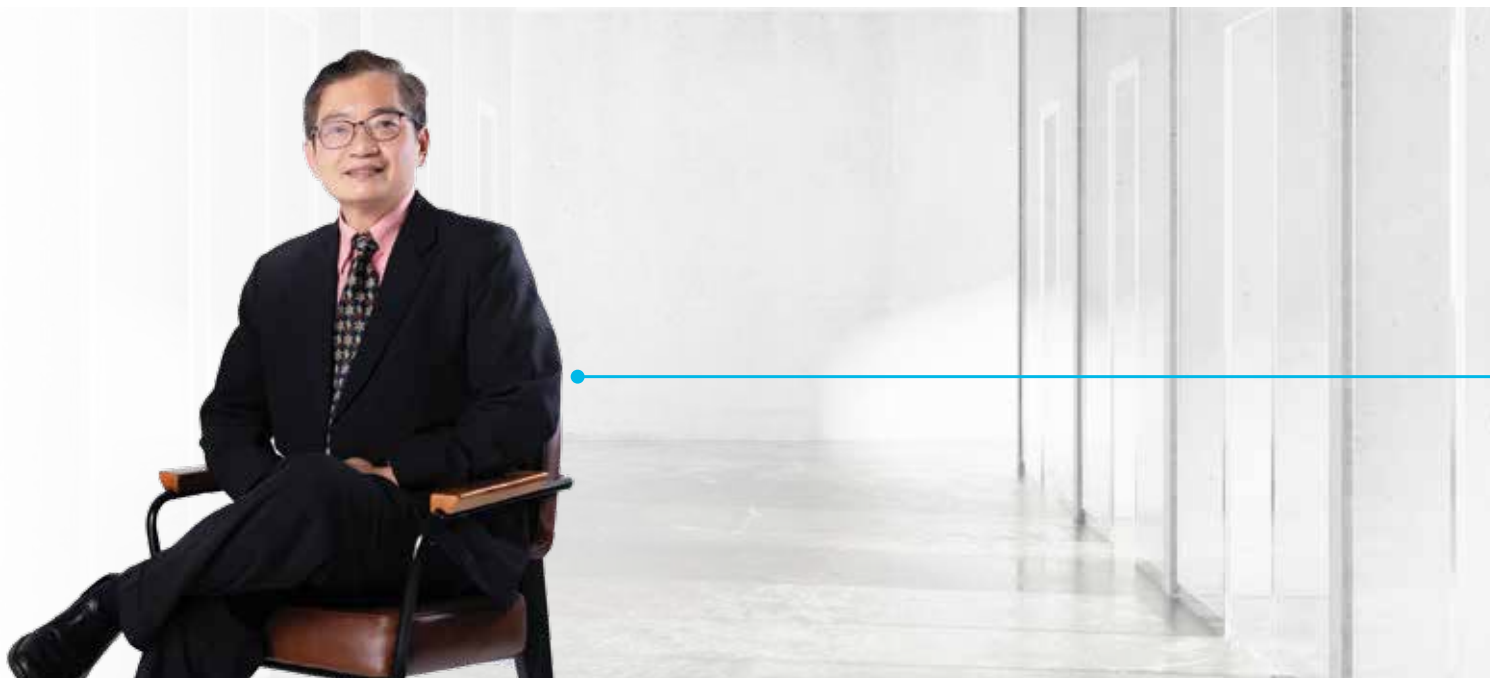
Ms. Chai who retires in accordance with Clause 76 of the Constitution of the Company, has expressed her intention not to seek re-election. Hence, she will retain office until the close of the third Annual General Meeting.

Ms. Chai does not have any family relationships with any director or major shareholders of the Company, nor does she have any conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## BOARD OF DIRECTORS' PROFILES

(Cont'd)



### MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of Audit and Risk Management Committee
- Member of Nomination Committee
- Member of Remuneration Committee

### EXPERIENCE

Dr. Teh Chee Ghee obtained his Doctor of Philosophy degree in Credit Management, Master of Business Administration degree and a Bachelor of Accounting (Honours) degree from the University of Malaya. He is a member of the Malaysian Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and the Chartered Tax Institute of Malaysia and also a member of the Malaysian Institute of Accountants. He is currently the Chief Operating Officer of Engtex Group Berhad ("Engtex").

Dr. Teh commenced his career in 1990 in Arthur Andersen-HRM (Management Services) Sdn Bhd as an Associate Consultant. He then served in the audit and business advisory division of Arthur Andersen & Co. from 1990 to 1994. He then joined CWS Hygiene Sdn Bhd ("CWS") as the Finance & Administration Manager in 1994 and when the Zuellig Group acquired CWS in 1995, he was appointed as the Regional Financial Controller of Gold Coin Feedmills (M) Sdn Bhd. In 1996, he joined Engtex Sdn Bhd as the Group Financial Controller and also was appointed as the Personal Assistant ("PA") to the Group Managing Director and Company Secretary of Engtex between January 2000 and May 2006.

After leaving Engtex, he served TH Group Berhad from June 2006 to October 2010 as the PA to the Group Managing Director. He was also the Acting Chief Operating Officer of Nilai Medical Centre (formerly known as NCI Hospital owned by Asiaprise Biotech Sdn Bhd, a wholly-owned subsidiary of TH Group Berhad) from February 2010 to October 2010. He was the General Manager - Strategic Planning and Operations of TSH Resources Berhad from October 2010 to October 2012.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### DR. TEH CHEE GHEE

*Independent Non-Executive Director*

**Nationality** : Malaysian

**Age/Gender** : 56/Male

**Date of Appointment** : 5 August 2019

Subsequently, he joined Monash University Malaysia in October 2012 as a Senior Lecturer in Accounting and Finance in the School of Business. He was also the Deputy Director of Research of the School of Business in Monash University Malaysia from January 2013 to January 2014, the Deputy Director of MBA Programme from 2017 to 2018, and the Deputy Director - Development & External Engagement of the Entrepreneurship and Innovation Hub (eiHub) of the School of Business since 2018 to July 2019. Dr. Teh was also appointed as the Head of Research of the Socio-Economic Research Centre, operating under SERC Sdn Bhd, an independent think tank initiated by the Associated Chinese Chambers of Commerce and Industry of Malaysia under a paid outside work retainer arrangement with Monash University Malaysia from January 2014 to February 2016. He retired from academia in January 2022 after reaching the age of 55.

In February 2022, Dr. Teh re-joined Engtex as its Chief Operating Officer.

He has also held directorships in various public listed companies such as being an Independent Non-Executive Director of Fiamma Holdings Berhad from the year 2001 until 2018, Cybertowers Berhad (now known as Parlo Berhad) from the year 2015 until 2018, Engtex Group Berhad from the year 2009 and later as Engtex's Chairman – Senior Independent Non-Executive Director from the year 2018 to 2021.

Dr. Teh is currently an Independent Non-Executive Director of K. Seng Seng Corporation Berhad (since January 2021), Orgabio Holdings Berhad (since March 2021) and LGMS Berhad (since September 2021).

Dr. Teh does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)



### MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Nomination Committee

### EXPERIENCE

Ir. Dr. Ng Kok Chiang obtained his Bachelor of Engineering (Electrical and Electronic Engineering) with first class honours and Bachelor of Commerce majoring in Accounting, Finance (Investment), and Managerial Accounting from The University of Western Australia, Australia. He also holds a Doctorate of Philosophy in Engineering (Research) from The University of Nottingham, United Kingdom.

Ir. Dr. Ng is a Professional Engineer with Practicing Certificate (Electrical) registered with the Board of Engineers Malaysia since 2011, a Corporate Member (Electrical) of The Institution of Engineers Malaysia since 2011. He is also a Chartered Engineer registered with the Engineering Council of United Kingdom since 2014, and a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom since 2014. Since 2012, he has been a Professional Member of the Malaysia Green Building Confederation (now known as the Malaysia Green Building Council) and registered as a Green Building Index Facilitator with the Green Building Index Accreditation Panel of Malaysia.

## BOARD OF DIRECTORS' PROFILES

(Cont'd)

### IR. DR. NG KOK CHIANG

*Independent Non-Executive Director*

**Nationality** : Malaysian  
**Age/Gender** : 41/Male  
**Date of Appointment** : 5 August 2019

He has extensive experience in research and project management of properties and projects in a wide range of areas which include electrical engineering and implementation of new innovations. He took up the role of Consulting Engineer in ZED-G&P Sdn Bhd, an engineering consultancy company involved in green technology and building consultancy from 2010 to 2011. Thereafter, he joined MyBig Sdn Bhd, an engineering services company. As Chief Technology Officer of MyBig Sdn Bhd, a position he still holds to-date, he is responsible for the management of research projects, creation and protection of the company's intellectual properties, implementation of new innovations in the development of prototypes, and supervision of engineers and researchers under his care.

He is also a director of two engineering consultancy companies, Wee Engineers (registered with the Board of Engineers Malaysia) and Wee Consulting Engineers Sdn Bhd, where he oversees and manages electrical engineering projects for new and existing housing and high-rise developments.

From 2017 to 2018, he was the Chairman of the Consulting Engineers Special Interest Group in the Institution of Engineers, Malaysia and the Honorary Auditor of the Institution of Engineering and Technology United Kingdom from 2016 to 2018. He is also an Industrial Advisory Board Member of the Heriot Watt University, Malaysia Campus and the University of Nottingham, Malaysia Campus. He was the Assistant Honorary Secretary of the Electrical and Electronics Association of Malaysia for the term 2019 to 2021 and is now the Honorary Secretary for the term 2021 to 2023.

Ir. Dr. Ng does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE

### CHONG SU YEE

*Head of Human Resource*

**Age** : 37  
**Gender** : Female  
**Nationality** : Malaysian  
**Date of appointment** : 1 July 2019

#### EXPERIENCE

Chong Su Yee is responsible for overseeing and managing the overall human resource and administration functions of our Group.

Ms. Chong started her career at an audit firm providing audit and tax computation services. She joined the Group in 2011 as an Account Executive and in 2014, was re-designated to the Human Resource Department as a Senior Human Resource Executive where she assisted in implementation of human resource functions, documentation of records, implementing payroll systems, and recruitment planning.

In 2016, Ms. Chong was promoted to Assistant Human Resource Manager and subsequently in 2019, she was promoted to Head of Human Resource of the Group.

Ms. Chong has no family relationships with any Director and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### LIM LEE HUA

*Head of Procurement*

**Age** : 57  
**Gender** : Female  
**Nationality** : Malaysian  
**Date of appointment** : 1 April 2015

#### EXPERIENCE

Lim Lee Hua is responsible for establishing, maintaining and negotiating with suppliers, item sourcing, bulk ordering and also provides procurement services to the Industrial Users Division and Resellers Division of the Group.

Ms. Lim has accumulated approximately 30 years of experience in purchase and procurement in the electrical industry.

Ms. Lim joined the Group in 2001, starting as a Purchasing Executive and rose through the ranks to become Senior Purchasing Executive in 2007 and subsequently to Purchasing Manager in 2011. In 2015, she assumed her current role as Head of Procurement.

Prior to joining the Group, Ms. Lim was a Purchasing Coordinator and Purchasing Executive for an electrical product distributor for 10 years.

Ms. Lim has no family relationships with any Director and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## KEY SENIOR MANAGEMENT'S PROFILE

(Cont'd)

### LOW SWEE CHING

*Head of Operations*

**Age** : 52  
**Gender** : Female  
**Nationality** : Malaysian  
**Date first appointed** : 1 January 2019

#### EXPERIENCE

Low Swee Ching is responsible for overseeing the day-to-day operations of our Group's Resellers Division, the key function which include servicing our Group's customers who are resellers, processing customers' orders and planning and monitoring sales growth.

Ms. Low has over 22 years of working experience in the electrical appliances industry with the Group. She joined the Group as a Sales Coordinator in 1999. In 2004, she was promoted to the position of Sales Executive before she was promoted to Senior Sales Executive in 2007 and subsequently to Unit Manager in 2012 where she was then responsible for identifying potential customers, and sales growth opportunities, as well as managing business relationships with customers. In 2019, she assumed her current role as Head of Operations.

Ms. Low has no family relationships with any Director and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### YAU HUI SUN

*Finance Manager*

**Age** : 37  
**Gender** : Female  
**Nationality** : Malaysian  
**Date of appointment** : 26 September 2020

#### EXPERIENCE

Yau Hui Sun oversees and manages the Group's finance and accounting, and treasury functions as well as investor relations.

Ms. Yau started her career as an Account Assistant for a subsidiary of a company listed on the Singapore Exchange. She was subsequently promoted to Senior Accounts Executive and was responsible for the subsidiaries' accounts. She was also involved in the incorporation of a joint venture business during her 10-years tenure with the corporation.

In 2016, Ms. Yau joined the Group as an accountant. She helped set-up the Group's Finance Department and its related functions. She was also involved in the Group's Initial Public Offering exercise. She assumed her current role as Finance Manager of the Group in 2020. Ms. Yau also led the setting-up efforts of the Group's new headquarter in Johor.

Ms. Yau has no family relationships with any Director and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction of any offences within the past five years (other than traffic offences, if any), and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## CHAIRMAN'S STATEMENT

### Dear Valued Shareholders,

On behalf of our Board of Directors (“Board”), it is my pleasure to present to you the Annual Report of ACO Group Berhad (“ACO Group” or the “Group”) for the financial year ended 28 February 2022 (“FY2022”).

### RECOVERY MODE

The Covid-19 pandemic continued to dominate numerous headlines in 2021 with the world experiencing a resurgence of new Covid-19 cases, more severe than ever before. The predicament extinguished the initial anticipation of a strong global economic recovery and led to negative implications on the global supply chain as well as higher inflation. This was made worse by the lingering geopolitical tensions with the prominent one being the Russian invasion on Ukraine.

The Malaysian business community navigated these challenges amidst this trying times. Whilst the Malaysian Government implemented a Full Movement Control Order (“FMCO”) in June 2021, the authorities initiated substantive measures to expedite Covid-19 vaccination efforts amongst the people.

These measures were fruitful and helped Malaysia swiftly regain its footing and stayed on track to recovery. As a result, Malaysia fared relatively well during the year with GDP expanding 3.1% in 2021 as compared to a contraction of 5.6% in 2020, according to Bank Negara Malaysia.

Amidst the trials and tribulations, ACO Group doubled its efforts in making it a better year for the Group. We are proud to share that we have successfully recorded a rebound of 148.2% in profit after tax for FY2022 as compared to the previous year, despite experiencing operational disruptions amidst the FMCO. This reflects the management's robust resilience and agility in tackling operational crises as a decades-old electrical products and accessories distributor.

## CHAIRMAN'S STATEMENT (Cont'd)

### SEIZING OPPORTUNITIES

Even in trying times, the Group spared no efforts in accelerating our strategic plans to generate positive value for shareholders by actively exploring business opportunities and investment opportunities.

Operationally, we are delighted to inform that we have moved in to our new headquarters in Johor Bahru. Meanwhile, our new sales outlet within the same vicinity has also commenced business operations since the first quarter of FY2023. The opening is timely for the Group to cater to the increasing orders from our customers following the broad resumption of economic activities nationwide, especially from the construction and property development industries.

The Group has also set foot in the supply chain of the rapidly expanding electric vehicle ("EV") industry by acquiring a 10% stake in an electric mobility service provider specialising in EV charging solutions and stations, EV Connection Sdn Bhd. In the near term, we are confident that the adoption of EV vehicles will accelerate, leading to an increase in demand for EV charging infrastructure solutions nationwide. This is in line with our objective of expanding our business offerings to cater to the evolving requirements of the industry, especially in the renewable energy sector.

### APPROACHING ENDEMICITY

As we enter into a new financial year, the macroeconomic conditions continue to be fraught with uncertainties, given the raging inflationary pressures triggered by the global supply chain disruptions and geopolitical tensions. Nevertheless, we remain optimistic that demand for electrical products in Malaysia will recover as business activities rebound with the country transitions to endemicity.

The Malaysia's economy is projected to expand 5.3% to 6.3% in 2022. Backed by our strong sales network and decades of industry experience, we are well-positioned to ride on the economic recovery and regain our growth trajectory moving forward. Looking ahead, we will remain proactive on exploring business and investment opportunities to widen our business offerings and geographical footprint, especially in the green energy sector.

### CORPORATE GOVERNANCE

The Group constantly ensures that the highest standard of corporate governance, professionalism, ethics and integrity are maintained in the conduct of our business practices. We believe corporate governance affects the development and functioning of the organisation and exerts a strong influence on the company's long-term performance.

As a public listed entity, we aim to instil a strong culture of ethics and integrity throughout every unit and department of the Group by adhering to the Malaysian Code on Corporate Governance ("MCCG"). In addition, the Group upholds zero tolerance on unethical business practices such as bribery and corruption. Policies and procedures on integrity, transparency and accountability are enforced at ACO Group as embedded in the Group's Code of Ethics and Conduct.

Detailed undertakings by the Group are laid out in the Corporate Governance Overview Statement on pages 40 to 53 of this FY2022 Annual Report.

### SUSTAINABILITY MATTERS

ACO Group is committed to ensure that the daily conduct of the Group's practices are guided by the right principles to make the decisions that will hold us in good stead positively impacting the communities and environment in which we operate. As a responsible corporate citizen, we constantly abide by the best sustainability practices as we accelerate our organisational growth and business goals. To this end, we have attached a comprehensive elaboration of our undertakings in the Sustainability Statement from pages 36 to 39 of this FY2022 Annual Report.

### APPRECIATION

On behalf of the Board, I would like to extend my heartfelt appreciation to our management and staff at ACO Group for their hard work and commitment amidst these challenging times while helping the Group to regain its footing on the path to recovery and greater growth.

My sincere gratitude also goes to our stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers, suppliers for their relentless support and confidence in us.

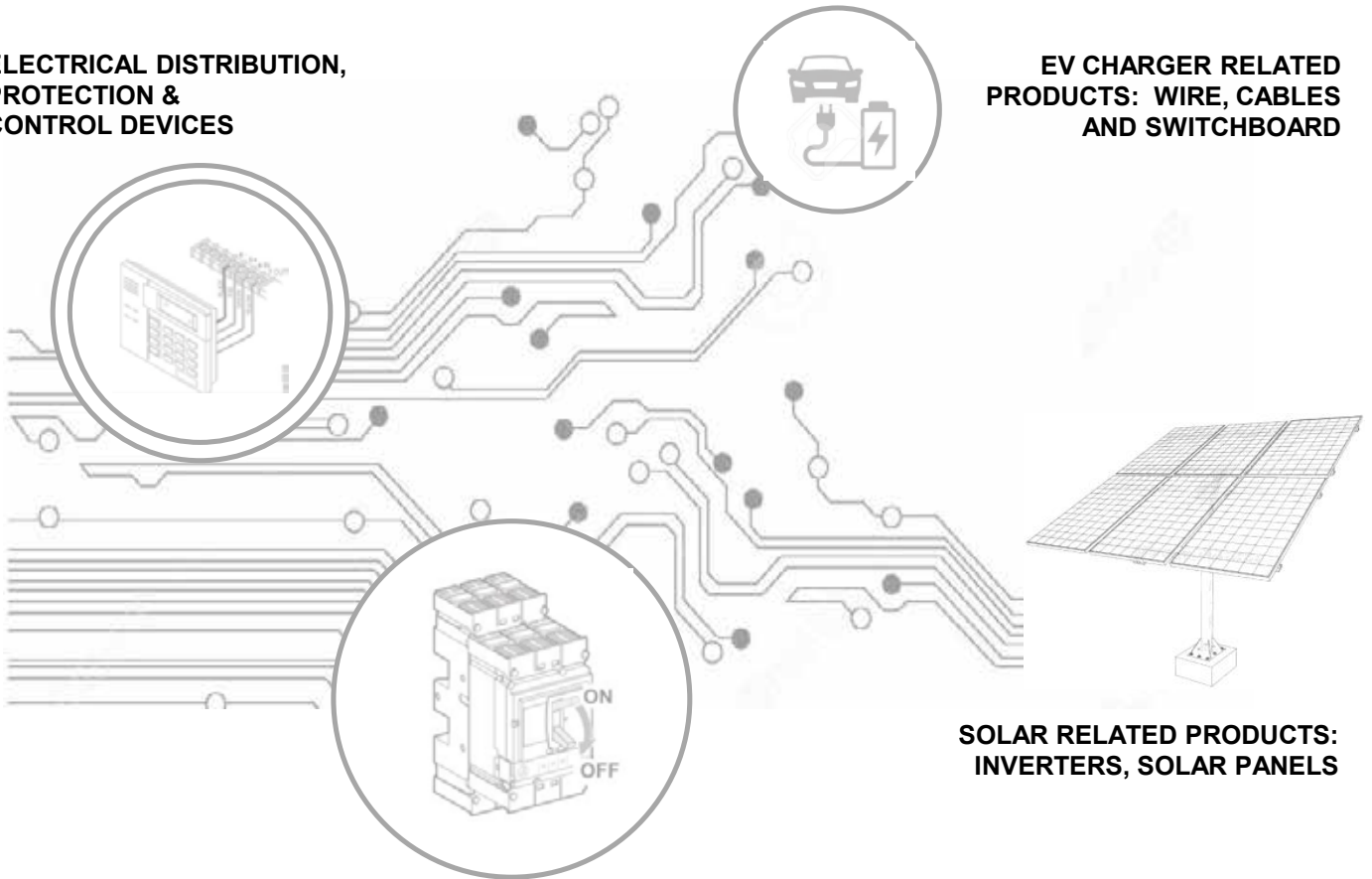
Finally, I would like to thank my fellow Board members for their dedication, invaluable counsel and advice which are instrumental in steering ACO Group to reach where it is today. I am confident that our Board will continue to lead ACO Group toward greater heights.

### YAP KOON ROY

*Chairman*

**ELECTRICAL DISTRIBUTION,  
PROTECTION &  
CONTROL DEVICES**

**EV CHARGER RELATED  
PRODUCTS: WIRE, CABLES  
AND SWITCHBOARD**



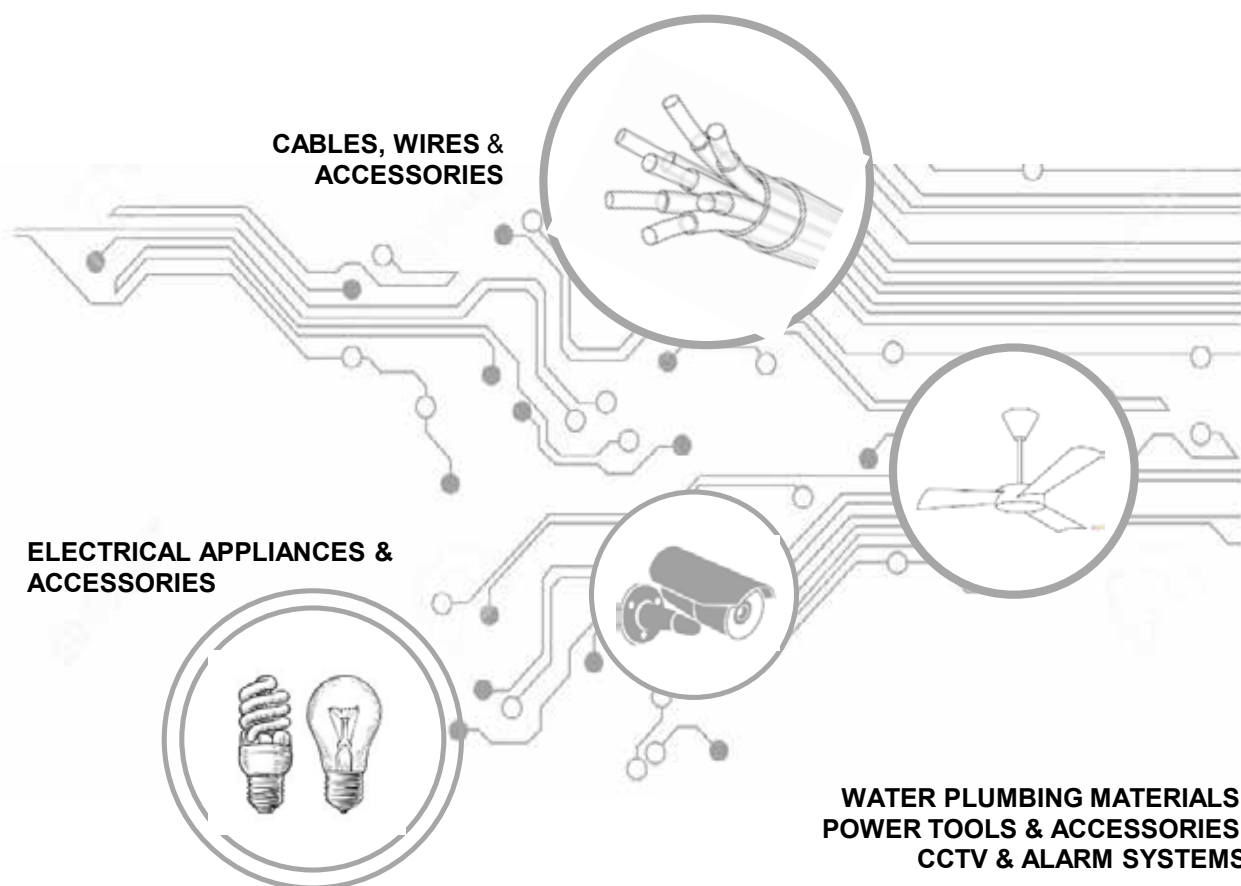
**SOLAR RELATED PRODUCTS:  
INVERTERS, SOLAR PANELS**

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Established in 1991, ACO Group is a distinguished distributor of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; and electrical appliances and accessories. We also distribute other products including water plumbing materials, power tools and accessories, as well as closed-circuit television ("CCTV") and alarm systems. We provide our customers with a wide selection of third-party brands as well as our own brands to meet their diverse requirements as well as to attract new customers.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



### WIDE CUSTOMER NETWORK

Our products are mainly marketed and distributed across Peninsular Malaysia to industrial users, which comprise commercial, institutional, government and professional customers, among others. Some of these industrial users are electrical contractors, electrical product manufacturers, and factory and business owners.

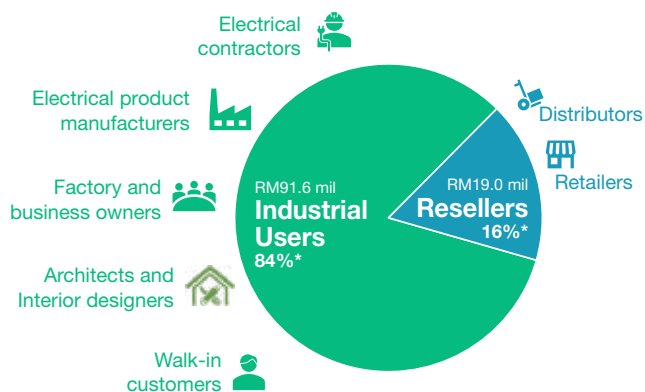
We also sell our products to resellers who are distributors and retailers, who in turn, would resell our products to their respective network of customers.

We mainly serve the construction and power infrastructure industry. Our clientele in the construction sector consists of residential, retail, commercial and industrial users for purposes such as new construction, renovation and interior fit out modifications. Meanwhile, our customers in the power infrastructure industry mainly purchase medium to low voltage power cables as well as wires in power distribution networks, which are used to deliver power from primary to secondary substations and to premises directly.



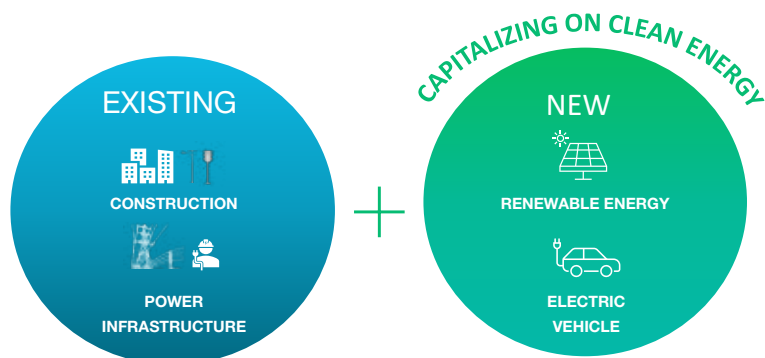
## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### OUR CUSTOMER BASE



\*Revenue breakdown by customers in FYE 28 February 2022

### EXPANDING TO HIGH-GROWTH MARKET TO SPUR DEMAND FOR ELECTRICAL PRODUCTS



### SPECTRUM OF PRODUCTS OFFERED

Cables, wires and accessories    Water plumbing materials, power tools and accessories, CCTV & alarm systems

Electrical appliances and accessories    Electrical distribution, protection and control devices

Solar related products    EV-charger related products

### OWN BRANDS



### AUTHORISED DISTRIBUTOR FOR INTERNATIONAL BRANDS



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



### AUTHORISED DISTRIBUTORSHIPS

We are also the authorised distributor for 9 international brands, namely Schneider, Omron, KDK, ABB, Hager, Panasonic, Siemens, Maxguard and Ledvance.

Being an authorised distributor, the Group is able to benefit from volume purchase discount as well as gain access to product training and seminars for product applications and installation techniques, as well as technical assistance. In addition, we also enjoy incentives, rebates and payment discounts upon achieving certain key performance targets.

### EMPLOYEES AND FACILITIES

We currently have a workforce of approximately 150 employees and the Group operates from its headquarters in Johor Bahru. Notwithstanding our associate company, we have 2 distribution centres and 8 sales outlets located across the states of Johor, Melaka and Selangor.

To ensure timely delivery of goods to customers, we have a fleet of 17 trucks, of which 10 trucks are stationed in Johor, 5 trucks in Melaka, and 2 trucks in Selangor. We supplement our logistics services by using external logistics service provider for delivery of goods to customers located in the Northern regions of Peninsular Malaysia.

To expand our distribution platform, we introduced a lighting concept store, "UR Home Light", located in Johor Bahru in July 2019. The concept store is designed with a theme-based interior to display decorative light fixtures, lighting controls, switches and fans. The main target markets for the concept store are interior designers, architects, builders as well as home and business owners.

### EMPHASIS ON CUSTOMER CONVENIENCE

Our sales and marketing efforts are further supported by the Group's online presence through our 2 online ordering systems - *Accura* for selected cables and wires; and *Maydenki-mart* for our range of electrical distribution, protection and control devices.

Customers can check the prices of our product offerings and submit online orders through these online systems. These online systems are part of our initiatives to provide added convenience to our customers and act as a complementary platform to boost our sales.

We also provide 'cut-to-length' service for the power cables and communications cable. This service enables our customers to purchase odd lengths instead of standard lengths which may result in wastage.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### YEAR IN REVIEW

FY2022 marks the second fiscal year since our listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 18 March 2020. It was a fruitful yet challenging year for us at ACO Group as we survived one of the worst crisis of our generation - the COVID-19 pandemic.

Globally, the logistical and supply chain constraints worsened due to multiple extended lockdowns in Malaysia and overseas. In turn, this resulted in shortage of certain raw materials and commodities, which was made worse by the geopolitical turmoil between several economic powerhouses.

Various industries were affected by the pandemic-induced operational disruptions, especially the construction and property development industries. We took this window of opportunity to deliberate on our existing offerings and subsequently enlarged our presence in the fast-growing green energy sector while diversifying our customer base.

Essentially, the Group's business operations during the year under review remained largely intact, save for the Full Movement Control Order ("FMCO") imposed in June 2021. The experience gained from earlier lockdowns in the previous year had helped us stay nimble and adaptable to the situation. Although it had temporarily impacted our income streams, we were able to resume our operations in a swift manner upon lifting of the relevant restrictions. As our customers have resumed their operations to an optimal capacity, the demand for our products were also well on track in returning to pre-pandemic levels.

Despite the fluid operating backdrop, we are pleased to share that the setting up and renovation works of the Group's new headquarter in Johor Bahru has been completed and is now being occupied. The new sales outlet within the same vicinity has recently also commenced operations.

Meanwhile, expanding our geographical presence across Peninsular Malaysia had been our mid-term strategic focus. Our venture into the East Coast region via our investment in 49%-owned associate, Focus Electrical Malaysia Sdn Bhd ("FEMSB") has been fruitful, both operationally and financially. Although FEMSB's operations were impacted by the flood incident in the East Coast region towards the end of FY2022, we are glad that the situation there has now returned to normalcy.

### Investing in the Future of Mobility

As the world pivots towards a green energy transition to achieve global decarbonisation, there is a significant rise in the adoption of electric vehicles ("EV"). The Group sees tremendous opportunities in this area, especially amidst the nascent stage of EV charging infrastructure to cater to the eventual rise of EV usage.

To capitalise on the rising growth prospects in the EV space, ACO Group has acquired a 10% stake in EV Connection Sdn Bhd ("EVC") for RM1.0 million cash during the FY2022.

EVC is a leading one-stop electric mobility service provider specialising in EV charging solutions and EV charging stations. It is also the authorised service provider and EV charging station installer of many auto makers such as Mercedes Benz, Volvo and Hyundai as well as to oil and gas companies. The green technology specialist has supplied and installed more than 800 EV chargers to-date and owns and operates 20 EV chargers throughout Malaysia. It has the largest network of direct-current ("DC") fast charging stations in Malaysia.

EVC is also a provider of solar engineering, procurement, construction and commissioning solutions and has built solar panels at petrol stations to power EV charging stations.

As a pioneer and advocate in the field of EV charging, EVC established the JomCharge app in 2019, a mobile platform that connects EV users with EV charging stations located all over Malaysia. Through the JomCharge app, EV owners are able to locate nearby charging station locations, make payments easily and track the progress of their charging sessions.

Together with EVC, we aim to combine our respective strengths in scaling up the EV charging network in Malaysia to pave way for greater EV adoption as well as expedite Malaysia's transition to a more environmentally sustainable transport system.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

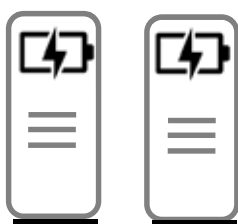
This investment is mutually beneficial for both parties as it combines ACO Group's vast product offerings and footprint in Malaysia together with EVC's strong technical know-how in EV infrastructure. As a leading electrical products and accessories distributor, it is a natural progression for us to grow alongside the advancement of the electrical industry.

We have also teamed up with EVC by installing a DC fast-charging station at ACO Group's new headquarters in Johor Bahru. With a capacity of 180-kilowatts (kW), the EV charging station is one of the fastest charging speed stations in Malaysia and the very first in Johor. EV owners are now able to drive-in to ACO's headquarters to charge up their vehicles at up to 180kW which takes up to 30 minutes to charge a car, as compared to alternating current ("AC") charging points that take about 6 – 10 hours for a full charge.



- **Expansive geographical footprint:** Wide sales channels in Peninsular Malaysia
- **Strong network of clientele**
- **Cost competitiveness:** Provide access to inventories of solar-related & other electrical products

- **Strong technical know-how:** EV-charging pioneer in Malaysia
- **Established EV ecosystem:** Provide immediate access to EV industry : Charging infrastructure & JomCharge application



EVC has the **largest network of DC fast-charging stations** in Malaysia



Installs and operates solar-powered DC fast-charging stations



**Authorised service provider and EV charging station installer** of auto makers

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### FINANCIAL REVIEW

Overall, the Group's financial performance in FY2022 had staged a meaningful recovery against the previous year ("FY2021") despite having to navigate the temporary disruptions arising from the FMCO and challenging macroeconomic climate. The Group's total revenue during the year under review rose 13% to RM124.9 million as compared to RM110.6 million in FY2021.

In tandem with the gradual resumption of business activities during the year, the revenue contribution from industrial users segment grew 15% to RM104.9 million in FY2022 versus RM91.6 million in FY2021. Meanwhile, resellers segment's contributed revenue of RM20.0 million in FY2022 as compared to RM19.0 million in the previous year.

Against the inflationary pressure and rise in global commodity prices which led to an increase in our purchase costs, the Group maintained its selling prices for most of its products to reduce the cost burden of our customers amidst this challenging time. The rising impact on our purchase costs was partially mitigated by our extensive sourcing and distribution network which provided us with a large enough scale to cushion our profitability.

Consequently, ACO Group's gross profit margin recorded only a marginal decline to 15.9% in FY2022 against 17.0% in prior year. However, gross profit increased 6.2% year-on-year ("YoY") to RM19.9 million in FY2022 due to higher sales activities.

In addition, our administrative expenses declined 10.4% YoY to RM12.9 million in FY2022 from RM14.4 million previously, mainly due to the absence of one-off listing expenses of approximately RM1.7 million which was incurred in FY2021.

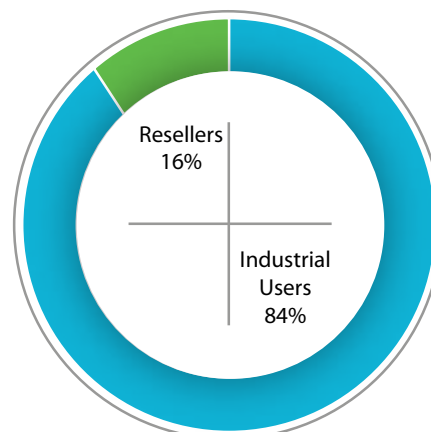
Meanwhile, the Group's share of results of an associate which was contributed by FEMSB – our 49%-owned associate stood at RM2.0 million. The operations of FEMSB was disrupted by the flood incident that occurred in the East Coast region, which subsequently impacted its contribution towards the end of FY2022.

During the year, the Group's effective tax rate reduced to 22% as compared to 45% in the preceding year. The significantly higher effective tax rate in the previous year was due to one-off listing expenses which are non-deductible expenses.

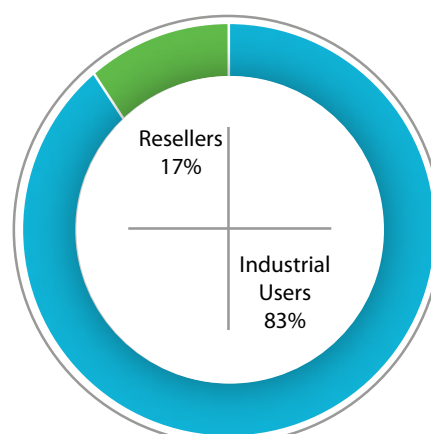
With meaningful contribution from FEMSB as well as overall recovery in our sales activities, our profit after tax surged 148.2% to RM7.1 million in FY2022 in comparison to RM2.8 million in the preceding year.

The Group's balance sheet remained sturdy as at 28 February 2022. Our total assets rose 11% to RM150.8 million from RM135.9 million in the previous year. The increase was mainly due to increase in right-of-use assets.

Revenue Breakdown by Customer Segment (FY2022)



Revenue Breakdown by Customer Segment (FY2021)



	RM '000 FYE 2021	RM '000 FYE 2022
Total Assets	135.9	150.8
Total Liabilities	63.3	66.4
Shareholder's Equity	72.6	84.4

**TOTAL  
ASSETS**  
**RM150.8**  
million

**TOTAL  
EQUITY**  
**RM84.4**  
million

**NET  
ASSETS**  
**RM0.24**  
per share

**TOTAL  
CASH**  
**RM23.8**  
million



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Total liabilities rose slightly higher to RM66.4 million as at 28 February 2022 as compared to RM63.3 million a year ago mainly attributable to higher trade payables and borrowings. Due to the execution of expansion plans during the year, total borrowings edged slightly higher to RM27.4 million as compared to previous year.

However, the Group's gross cash position remained resilient at RM23.8 million as at 28 February 2022. Gearing ratio stood at 0.3 times, giving us flexibility to increase borrowings to capture attractive investment opportunities that generates positive value to the Group.

Meanwhile, total equity increased to RM84.4 million against RM72.6 million in the preceding year as a result of increased share base from our private placement exercise and consecutive quarterly profit. Net assets per share stood at RM0.24.

The Group's average inventories turnover period improved slightly from 148 days to 141 days, in line with the recovery in sales activities against FY2021.

During the year, our average trade receivables turnover period decreased from 111 days to 100 days as the operations of our customers gradually returned to normalcy during the year. On the other hand, our average trade payables turnover period improved from 127 days to 122 days as compared to the preceding year's.

In tandem with the Group's overall improved performance, the Group generated positive net operating cash flow of RM6.9 million in FY2022.

### Outlook and Prospects

As we head into the new financial year, the operating climate is expected to remain challenging stemming from the prevailing uncertainties surrounding the COVID-19 pandemic and supply chain disruptions.

Nonetheless, we are upbeat on our growth prospects as we have successfully regained our footing to capitalise on the resumption of economic activities as reflected by our improved performance in FY2022. While being mindful of the challenges ahead, we expect the positive momentum to extend in the new financial year.

Meanwhile, as Malaysia transitions towards endemicity, the Group looks forward to an increase in business activities especially in the Southern region following the recent reopening of the Malaysian-Singapore border effective 1 April 2022.

The opening of our new headquarters in Johor Bahru as well as the new sales outlet within the vicinity is timely to gear ourselves towards capitalising on the recovery trajectory. Our new facility is expected to further advance the Group's capacity in serving our existing and prospective customers.

Moving forward, we will continue to channel our focus in expanding and enhancing our product mix as the Group works towards being a one-stop centre for our clients. As a premier electrical product and accessories supplier, we are very well cognisant of the rising awareness and usage of renewable energy ("RE"). As Malaysia plans to increase the share of RE installed capacity to 31% in 2025 and 40% in 2035, our continued expansion in the distributorship of solar inverters as well as other related products will enable us to ride on the exciting growth prospects of the Malaysia's solar industry.

Apart from supplying electrical components to solar industry players, we have also expanded our offerings to include products that are related to the building of EV charging infrastructures, which is the core expertise of EVC. Our strategic investment into EVC allows us to tap on the fast-growing EV industry.

Together with EVC, we are looking at co-investing in the setting up of EV charging stations in a variety of ways. This includes but not limited to, installing EV chargers in petrol stations, partnering with automakers to deploy EV chargers at their respective sales outlets or service centers as well as building and re-selling EV chargers for private usage for property developers and end users.

All in all, we foresee a busy year ahead for ACO Group with increasing business activities and expansion plans in the pipeline. Barring any unforeseen circumstances, the Group expects to achieve improved financial performance for the upcoming financial year (FY2023).



## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### ANTICIPATED KNOWN RISKS

#### Political, Economic and Regulatory Risks

Risks brought upon by changes in the economic, political and regulatory environments are beyond our control. These developments may adversely affect our operations and financial performance. For instance, the COVID-19 pandemic which is considered an unforeseen event had impacted the Group's operations and financial performance temporarily. In addition, any alterations in government policies may derail the industry's business prospects as a whole.

In this respect, the Group is consistently exploring avenues of operating to future proof our business. We are investing in modern computerised systems to streamline and digitalise our internal processes and expand our sales platform as part of the Group's business continuity efforts. We also ensure that every business department and unit is in compliance with all applicable regulations and policies including the standard operating procedures enforced by the authorities to control the spread of COVID-19 pandemic.

ACO Group remains vigilant and proactive in engaging with the authorities and relevant business associations to provide feedback and stay abreast of any changes in regulations and policies.

#### Competition risk

ACO Group is operating in the electrical product distribution industry which is relatively wide and fragmented in Malaysia. Hence, we are exposed to competitions from large numbers of sole proprietors and family-owned businesses operating one or a few outlets to large local and international distributors with a chain of outlets in Malaysia. The rise of e-commerce sales channels will also potentially increase the competition within the electrical and electronics supply chain, which may dampen the competitiveness of physical sales outlet and distribution centres.

To stay competitive and attractive among our customers, ACO Group will continue leverage on extensive experience and track record in the industry to stand out from its peers. Furthermore, the Group will focus on retaining existing and securing new customers by offering high quality and a wide range of products, enhance price competitiveness, timeliness in delivery, accessibility of sales outlet and the ability to meet customers' specifications.

In addition, the Group is also working towards becoming a one-stop solution centre by offering a more holistic range of electrical products and accessories. We are increasing our efforts in incorporating more renowned brands and new products, especially to cater to the green energy sector while providing greater convenience to our customers to source a wider range of supplies from us.

#### Inventory Risk

Inventory risk refers to our ability to source adequate inventories to address our customers' demand at competitive costs in a timely manner. In the event of any supply chain disruptions or delays, shortages may occur or procurement costs may increase.

As part of the on-going improvement process, we put in place effective measures and monitor our inventory management system closely. The Group is also working hard to enhance its Enterprise Resource Planning System to forecast demands for different product groups by applying historical data; to track the quantity and adequacy of the products stocked; to monitor the movement of supplies as well as minimise stock obsolescence.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



### Dependence on Key Personnel

The success of ACO Group depends largely on the capabilities and effects of our management team. The loss of key personnel may negatively impact the Group's operations and business, if we are unable to identify a suitable successor in a timely manner.

In mitigating this risk, we have outlined a management succession plan. Moreover, our middle management team is consistently involved in different areas of our operations to ensure they are well-versed to exercise their duties while inculcating a sense of leadership.

#### Tang Pee Tee @ Tan Chang Kim

Group Managing Director

# SUSTAINABILITY STATEMENT

We understand our choices today have an impact on our stakeholders, i.e. customers and suppliers, and the success of their business in the future. We are also mindful of the need to be a responsible corporate organization and our role in contributing to the welfare of the society and communities in the environment we operate. We are committed to carry out our business activities responsibly and with integrity. We recognize that for our long-term sustainability, our strategic orientation will need to look beyond financial parameters.

ACO's Sustainability Statement 2022 remains focus on the material areas stated in the prior years. This statement contains policies, programmes and initiatives organized and applied towards achieving these goals. Information and figures provided in this report covered the period from 1 March 2021 to 28 February 2022.

## OUR APPROACH TO SUSTAINABILITY

### Environmental

ACO is committed to reduce our impact on the environment by minimizing our operational carbon footprint where possible. We actively promote the responsible use of resources and the importance of environmental protection among our employees and stakeholders.



### Creating customer value through better energy management

Through our customers, we emphasize on service quality by providing various professional solutions and the latest technology for cost savings, while preserving the environment via better energy management. To ensure the level of quality and safety of our offerings, the products are tested and certified with SIRIM requirements.

### Electric Vehicle Charging Stations

A direct-current (DC) fast-charging station at ACO Group's new headquarters in Johor Bahru as part of our initiatives to tap into the green technology sector. With a capacity of 180-kilowatts (kW), the EV charging station is set to be one of the fastest charging speed stations in Malaysia and the very first in Johor Bahru. EV owners will be able to drive-in to ACO's headquarters to charge up their vehicles for up to 180kW which takes up to 30 minutes to charge a car, as compared to alternating current (AC) charging points that take about 6 – 10 hours for a full charge.

### Energy-efficient practices

Our main impact on the environment is through electricity and fuel consumption utilized by our stores and distribution fleet to power the business. Nevertheless, we are always looking for efficiency gains, no matter how small.

**Smart-home system:** Our new headquarter is equipped with Smart Home automation solutions. Smart motion detectors are installed for automatic lighting and temperature controls while certain appliances and devices which are connected to the set-up can be powered on/off according to their programmed time table or, be remotely managed. This allows for better control over energy usage, and in return, improve energy efficiency.

## SUSTAINABILITY STATEMENT (Cont'd)

**Light Emitting Diode (“LED”) lighting tubes:** We installed LED lighting tubes in most of our premises. LED lighting offers benefits such as a higher efficiency than Compact Fluorescent Lamps (“CFLs”) and fluorescents, lower power consumption, lower maintenance costs, longer lifetime (50,000 hours compared to less than 10,000), durability and brighter light output than CFL.

**Switch off when not in use:** Employees are reminded to switch off all electrical equipment and fixtures that are not in use. The last employee who leaves the office premises is to ensure these are switched off or that the energy-saving mode is turned on.

**Paperless:** The Company continues to encourage and remind employees on the prudent use of papers to reduce unnecessary paper consumption. ACO also embraces technology to help reduce paper waste by going paperless in its billing process. Most of its companies have implemented electronic distribution of documents such as invoices, statements and official receipts.

**Bring-Your-Own:** Employees are encouraged to bring their own containers when taking away food and use their own cutleries instead of opting for disposables.

### Economic

At ACO, we strive to continuously improve our relationships, trust, mutual respect, and understanding with our stakeholders who have an effect on, or are affected by our businesses. We recognise that our stakeholders are important to our Group’s long-term growth and success. Thus, we will continue to engage with our stakeholders, through various channels such as meetings and briefings, to better understand and respond to their expectations and interests with regard to our services and operations.



### Business Development

Given our reach in distributing electrical products and accessories, we are dedicated to maintain the affordability and accessibility to the latest technology while upholding our standards of safety, quality and efficacy. We are able to ensure this through our commitment to offer high quality and cost-competitive products by distributing renowned brands from reputable suppliers. As a brand owner, we provide product warranty ranging between one (1) and two (2) years for any product defects or claims relating to our own brands of products.

### Supply Chain Management

All potential suppliers are treated equally through vendor selection. There are guidelines in our procurement process whereby suppliers are selected based on specified criteria, including the extent of vendors’ product, quality, price and services. Furthermore, our procurement process is governed by internal controls, based on pre-set limits of authority and approval to ensure fair practices.

### Distribution Network and Customers

At ACO, we are customer-centric and aim to provide products and services which meet our customers’ satisfaction. Hence, the Group’s distribution channel strategy is through direct channels, using our own internal sales and marketing force by setting up various distribution centres at prime locations in Johor, Melaka, and Selangor with a plan to expand across Peninsular Malaysia. We also use indirect distribution channels, where we sell our products to resellers who are distributors and retailers. They, in turn, would resell our products to their respective network of customers. At the same time, we have online ordering systems, which allow customers to view the availability of products and pricing, enabling them to make quick and informed decisions before placing their orders.

## SUSTAINABILITY STATEMENT (Cont'd)

### Social

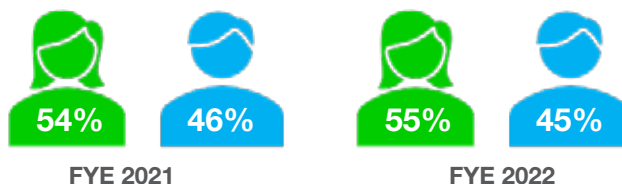
Co-existing and contributing to the local communities is an integral part of ensuring sustainability. To appreciate and to give back to the society, starts from the employees. We are focused on attracting and retaining a highly-skilled workforce while prioritising the well-being of our people.



### Employee Engagement, Diversity & Inclusion

Here in ACO, we believe in the inherent strength of a diversified workforce. Furthermore, we value fair and equal opportunity at work. ACO's diversified workforce for the financial year ended 28 February 2022 ("FYE 2022") is shown as below.

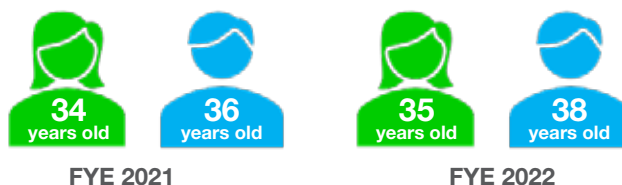
#### Employee Gender Diversity



#### Age Diversity

Age	FYE 2021		FYE 2022	
	Female %	Male %	Female %	Male %
>50 years old	8%	13%	11%	17%
38 to 49 years old	34%	31%	40%	31%
26 to 37 years old	43%	41%	37%	39%
<= 25 years old	15%	15%	12%	13%
	100%	100%	100%	100%

#### Average Age of Employees by Gender



### Employee Engagement, Diversity & Inclusion

Our Group promotes career development and progression opportunities for the employees through in-house training, seminar, workshops and video conferencing. In addition, as an authorised distributor, we are able to gain access to various product trainings for product applications and installation techniques. This provides us with the platform to increase our employees' knowledge on their respective electrical products and accessories, equipping them with the latest job-related updates and knowledge/know-how. In FYE 2022, the Group invested in approximately 281 training hours for our employees, all of which were external trainings.

### Health & Safety

The safety and health of our employees, contractors, service providers and visitors to our distribution centre and warehouse is of top priority. We have put in place a Safety and Security Policy to minimise potential accidents or unfortunate events at our workplace.

Since the outbreak of the COVID-19 pandemic, ACO has been abiding by the Standard Operating Procedures ("SOP") issued by the Ministry of Health Malaysia ("MOH") to contain the spread of the virus. We have also set in motion our own workplace infection control guidelines and procedures.

ACO has also carried out complimentary workplace screenings for all employees through the use of the COVID-19 Rapid Antigen Test Kit ("ARTK"). Regular screenings are also administered to employees with higher exposure risk to the virus while carrying out their job duties.



## SUSTAINABILITY STATEMENT (Cont'd)



### Governance

ACO strives to comply with the best practices of good governance, guided by the MCCG, throughout its operations. The Group has established standard operating policies and procedures which are subjected to regular reviews.



Our Board leads the responsibility in overseeing the sustainability of the Company's strategy, supported by the Management team in ensuring adequate measures such as systems and processes are put in place for managing its sustainability strategies.

Further information on the Group's corporate governance practices are detailed in the Corporate Governance Overview Statement in this Annual Report.

### MOVING FORWARD

With a better understanding of the impact and importance of ACO's sustainability initiatives, our Board will progressively refine and improve on the disclosure of our Group's sustainability issues and matters. We will further embed sustainable practices within our businesses to improve our overall sustainability performance. This Sustainability Statement is prepared in accordance with the resolution of our Board dated 30 May 2022.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of ACO Group Berhad (“ACO” or “the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company. The Board is also committed in ensuring that the Company and its subsidiaries (“the Group”) carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the financial year ended 28 February 2022 (“FYE 2022”) unless otherwise stated, which are as follows:-

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement, which was approved by the Board, shall be read together with the Corporate Governance Report 2022 (“CG Report”) of the Company which provides the details on how the Company has applied, or departed from, each CG practice. The CG Report is available on the Company’s website at [www.acogroup.com.my](http://www.acogroup.com.my), as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership including practicing a high level of good governance to ensure long-term success of the Group and the delivery of sustainable value to its stakeholders.

The Board adopted its Board Charter on 22 August 2019 which outlines the duties and responsibilities of the Board, to provide guidance and clarity for the Board in overseeing the progression of strategic plans and overall performance of the Group while fulfilling its fiduciary duties and leadership functions.

The Board has delegated the day-to-day affairs of the Group’s business to the Group Managing Director (“GMD”) of the Company, Mr. Tang Pee Tee @ Tan Chang Kim, supported by the Executive Directors (“EDs”), who will focus on the business and lead the Key Senior Management (“KSM”) of the Group in making and implementing the day-to-day decisions of the Group’s business operations, and managing resources and risks in pursuing the corporate objectives of the Group. The GMD may delegate appropriate functions to any member of the KSM reporting to the GMD.

The EDs and the KSM meet regularly to review and monitor the performance of the Group’s operating divisions. The GMD briefs the Board on the Group’s business operations and management’s initiatives during the quarterly Board meetings.

The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing effectiveness in the pursuits of corporate goals and objectives:-

- (a) review and adopt a strategic plan for the Group;
- (b) oversee the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- (c) ensure that the Group’s strategies promote sustainability;
- (d) identify principal business risks and ensure the implementation of appropriate systems to manage these risks;
- (e) succession planning including the implementation of appropriate systems for recruitment, training and replacement of KSM;
- (f) overseeing the development and implement an investor relations programme or shareholder communication policy for the Company;
- (g) review the adequacy and the integrity of the Group’s internal control systems and management information;
- (h) determine the remuneration of EDs and Non-Executive Directors of the Company; and
- (i) ensure that the Group adheres to high standards of ethics and corporate behaviour.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### I. BOARD RESPONSIBILITIES (Continued)

#### Division of roles and responsibilities between the Chairman and GMD

The Board is led by Mr. Yap Koon Roy as the Independent Non-Executive Chairman and Mr. Tang Pee Tee @ Tan Chang Kim as the GMD.

There is a clear separation between the Chairman's role and the GMD to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness while the GMD manages the businesses and operations of the Group, and implements and develops the Board's decisions, policies and strategies.

#### Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience, and provide views from a different perspective in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Non-Executive Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

#### Board Committees

The Board has established and is supported by the following Board Committees to assist the Board in the discharge of its oversight function:-

- (i) Audit and Risk Management Committee;
- (ii) Nomination Committee; and
- (iii) Remuneration Committee.

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance. At each Board meeting, the Chairman of the respective Committee report to the Board on the key issues deliberated and outcome of the respective Committee meetings. Minutes of the Committee meetings will also be presented to the Board for notification and endorsement. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

For the financial year ended 28 February 2022, the Chairman of the Board also assumes the role as Chairman of the Nomination Committee and is a member of the Audit and Risk Management Committee and Remuneration Committee. This is a departure from Practice 1.4 in MCCG 2021. While the roles and responsibilities have been discharged objectively and professionally with no conflict of interest, the Company has started sourcing for suitable candidate to the Board in order to ensure that the recommended practice can be applied.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. BOARD RESPONSIBILITIES (Continued)

##### Company Secretaries

The Board is supported by two (2) suitably qualified, experienced and competent Company Secretaries in discharging its duties and responsibilities. They are the members of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries advise the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.

The Company Secretaries or the representative of the Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened, and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

##### Board Meeting

Regular Board and Board Committee meetings are scheduled throughout the year to enable the Directors to plan ahead and fit the meetings into their own schedules.

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for informed decisions to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, reports of the various Board Committees, corporate exercises and strategic financials and investments decisions.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

##### Access to Information and Advice

All Directors have unrestricted access to the advice and services of the Company Secretaries and Management to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

##### Board Charter

The Board is guided by a Board Charter which provides reference for Directors in relation to the roles, powers, duties and functions of the Board. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter comprises, amongst others, the well-defined terms of reference for the Board and its Committees.

The Board Charter is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my). The Board Charter will be reviewed by the Board annually in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### I. BOARD RESPONSIBILITIES (Continued)

#### Code of Ethics and Conduct

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company (which is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my)) to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

The Code of Ethics and Conduct is to be observed by all Directors of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

#### Whistleblowing Policy

A Whistleblowing Policy was adopted by the Board on 22 August 2019 with the intention to promote the highest standard of corporate governance and business integrity. The Whistleblowing Policy provides an avenue for its employees to raise genuine concerns or report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my).

#### Sustainability Strategies

The Board takes into consideration sustainability issues when it oversees the planning, performance and long-term strategy of the Company and views the commitment to do so as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and the employees are set out in the Sustainability Statement in this Annual Report.

### II. BOARD COMPOSITION

As at the date of this statement, the Board has six (6) members comprising three (3) EDs and three (3) Independent Non-Executive Directors (including the Chairman).

The current Directors of the Company as at the date of this statement are as follows:-

Name of Director	Designation
Yap Koon Roy	Independent Non-Executive Chairman
Tang Pee Tee @ Tan Chang Kim	Group Managing Director
Tan Yushan	Executive Director
Chai Poh Choo	Executive Director
Dr. Teh Chee Ghee	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director

The present composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements") which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent directors and the MCCG where at least half of the Board comprises independent directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### II. BOARD COMPOSITION (Continued)

The Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diverse backgrounds and competencies of the Directors.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the Listing Requirements. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

##### **Independence of the Board**

Having listed on the ACE Market since 18 March 2020, none of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at 28 February 2022.

Notwithstanding that, the Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years term, an Independent Director may continue to serve on the Board subject to the said Director's re-designation as a Non-Independent Director.

The Board undertakes an annual assessment of the independence of its Independent Directors. The affirmation of independence was provided through the external auditors' confirmation. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

##### **Board Diversity Policy**

Currently, the Board has one (1) female Director and five (5) male Directors that constitutes 16.7% female representation on the Board. The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

##### **Attendance of Board and Board Committees' Meetings**

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened as and when necessary. During the FYE 2022 and up to the date of this statement, the Board conducted five (5) Board Meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Attendance of Board and Board Committees' Meetings (Continued)

The attendance record of Directors at the Board Meetings held during the FYE 2022 is as follows:-

Name of Director	Attendance
Yap Koon Roy	5/5
Tang Pee Tee @ Tan Chang Kim	5/5
Tan Yushan	5/5
Chai Poh Choo	5/5
Dr. Teh Chee Ghee	5/5
Ir. Dr. Ng Kok Chiang	5/5

#### Directors' Trainings

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements.

The Directors are mindful that they shall receive appropriate training from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

Below are the training programmes and seminars attended by the Directors during the FYE 2022 and up to the date of this statement:-

Name of Director	Training Programmes/ Seminars	Date Attended
Yap Koon Roy	Malaysia Budget 2022 – Tax Highlights and Their Implications	21 December 2021
Tang Pee Tee @ Tan Chang Kim	Management Development Program	4, 12, 20 October 2021
Tan Yushan	Pathway to Equity Capital via Initial Public Offering (IPO)	27 May 2021
	Share Buy-Back, and Dealings In Listed Securities, Closed Period and Insider Trading	16 June 2021
	Pre & Post Initial Public Offering (IPO) Rules and Key Updates to Listing Requirements	24 June 2021
	MY - Future of Trade	28 July 2021
	Building resilience to a rapidly evolving tax transparency landscape	9 September 2021
	Management Development Program	4, 12, 20 October 2021
Chai Poh Choo	Management Development Program	4, 12, 20 October 2021



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Directors' Trainings (Continued)

Below are the training programmes and seminars attended by the Directors during the FYE 2022 and up to the date of this statement:- (Continued)

Name of Director	Training Programmes/ Seminars	Date Attended
Dr. Teh Chee Ghee	FutureFit Professionals-Digital Revolution-What Does the Future Hold?	8 April 2021
	Towards A Comprehensive System of Corporate Reporting Communication of Long-Term Value Creation	22 June 2021
	Environmental, Social and Governance (ESG), Islamic Finance and The Accountancy Profession: The Way Forward	27 July 2021
	Setting the Environmental, Social and Governance (ESG) Agenda to Achieve Sustainable Long-term Value- MICPA-EY Webinar	29 July 2021
	2022 Budget Highlights	10 November 2021
	Anti-Bribery and Corruption (ABAC) Training	27 November 2021
	10th ACCA Asia Pacific Thought Leadership Forum - 2022 Economic Outlook - A roaring Tiger or a Lazy Cat?	19 January 2022
Ir. Dr. Ng Kok Chiang	Recovery, New Reality and Resilience of Semiconductor Manufacturing Fabrication	7 July 2021
	The 3Es of Finance Essential in Digital Economy	8 July 2021
	Corporate Governance Revisited: The co-existence of Ethics & Law sets you FREE	9 July 2021
	Industry4WRD: Manufacturing Execution Systems: Introduction and Applications	26 July 2021
	Industry4WRD: Artificial Intelligence Innovation	27 July 2021
	Malaysia National Automotive Policy 2020	13 August 2021
	Harmonics in Heating, Ventilation, and Air Conditioning (HVAC) Systems & its Mitigation	21 September 2021

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Nomination Committee

The Nomination Committee ("NC") assists the Board in ensuring the continuity of an effective Board. The NC consists of wholly Independent Non-Executive Directors and its composition is as follows:-

Name of NC members	Designation	Directorship
Yap Koon Roy	Chairman	Independent Non-Executive Chairman
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

The NC meets as and when necessary, but at least once a year. Its duties comprise amongst others, recommending new appointment to the Board for their approval. The other responsibilities of the NC include making recommendations to the Board on the appointment of members of Board Committees, annual review of the Board structure, size and composition, and assessment of the effectiveness of the Board, its Committees and the contribution of each Director. The Terms of Reference of the NC is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my).

The summary of the Terms and Reference of the NC is as follows:-

- (i) to nominate and recommend to the Board, candidates to be appointed as Directors of the Company after considering the required mix, skills, knowledge, experience and other core competencies, expertise, professionalism and integrity which the Directors should bring to the Board;
- (ii) to consider in making its recommendations, candidates for directorships proposed by the GMD and within the bounds of practicability, by the existing Directors, KSM, major shareholders, independent search firms and/or other independent sources;
- (iii) to recommend to the Board, Directors to fill the seats on Board committees;
- (iv) to assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
- (v) to review the succession plans of the Board, its Committees, EDs and KSM;
- (vi) to assist the Board in implementing an assessment programme to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis;
- (vii) to recommend to the Board for the continuation or discontinuation in service of Directors as EDs or Non-Executive Directors;
- (viii) to recommend Directors who are retiring by rotation to be put forward for re-election; and
- (ix) to determine the independence of each Director annually and whether each Independent Director can bring independence and objective judgement to Board deliberations.

#### Appointment to the Board

The Board delegates to the NC the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, management, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment to the Board, the NC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;
3. Recommendation shall then be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### II. BOARD COMPOSITION (Continued)

#### Annual Assessment and Re-election of Directors

The Board through its NC, reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Director. The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting ("AGM") shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

During the FYE 2022, the NC conducted the annual assessment of the Board and its Committees using a set of self-assessment questionnaires, completed by the Directors. From the performance assessment, it was concluded that the Board as a whole, Board Committees and individual Director have discharged their respective roles and responsibilities in a commendable manner.

### III. REMUNERATION

The Remuneration Committee ("RC") and its members are appointed by the Board and comprises exclusively of Independent Non-Executive Directors.

The RC consists of three (3) Independent Non-Executive Directors and its composition is as follows:-

Name of RC members	Designation	Directorship
Ir. Dr. Ng Kok Chiang	Chairman	Independent Non-Executive Chairman
Yap Koon Roy	Member	Independent Non-Executive Director
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director

The Terms of Reference of the RC is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my).

The RC will review and assess the remuneration packages, reward structure and benefits applicable to the EDs and KSM on an annual basis and makes recommendations to the Board. The Board as a whole will determine the remuneration of the EDs and KSM with each individual Director abstaining from the deliberation and decision of their own remuneration. The RC may obtain independent advice in establishing the level of remuneration for the EDs and KSM. The remuneration packages of EDs and KSM comprise a fixed salary and allowances as well as bonus approved by the Board whilst the remuneration of the Non-Executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

The details of the remuneration and benefits paid/payable to the Directors on the Company and the Group basis for services rendered in all capacities for the FYE 2022 are tabulated as follows:-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

### III. REMUNERATION (Continued)

#### The Company

	Fees RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>							
Tang Pee Tee @ Tan Chang Kim	-	-	-	-	-	-	-
Tan Yushan	-	-	-	-	-	-	-
Chai Poh Choo	-	-	-	-	-	-	-
<b>Non-Executive Directors</b>							
Yap Koon Roy	60	-	-	5	-	-	65
Dr. Teh Chee Ghee	60	-	-	5	-	-	65
Ir. Dr. Ng Kok Chiang	48	-	-	5	-	-	53

#### The Group

	Fees <sup>(1)</sup> RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive Directors</b>							
Tang Pee Tee @ Tan Chang Kim		240	60	3	13	-	316
Tan Yushan	-	207	60	46	54	17	384
Chai Poh Choo	-	72	6	12	11	3	104
<b>Non-Executive Directors</b>							
Yap Koon Roy	60	-	-	5	-	-	65
Dr. Teh Chee Ghee	60	-	-	5	-	-	65
Ir. Dr. Ng Kok Chiang	48	-	-	5	-	-	53

**Note:**

(1) Subject to shareholders' approval at the AGM of the Company.

The Directors who are also shareholders of the Company will abstain from voting at general meetings in respect of the resolutions pertaining to the approval of their own remuneration.

#### Key Senior Management's Remuneration and Benefits

The aggregate remuneration and benefits paid to the KSM for services rendered to the Group in all capacities for the FYE 2022 is as follows:-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### III. REMUNERATION (Continued)

Remuneration Band	No. of KSM
RM 50,000 to RM100,000	1
RM100,001 to RM150,000	3
<b>Total</b>	<b>4</b>

Although the MCCG recommends full disclosure by the Company of the remuneration of its KSM on named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. The Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of KSM in the bands of RM50,000 on a named basis.

In setting the remuneration packages for KSM, the Company keeps in mind the remuneration and employment conditions within the industry and in comparable companies. The level and structure of the KSM's remuneration is aligned with the Company's long-term interest and desire to attract, retain and motivate the right talent to achieve superior performance and continued growth and development of the Company.

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") comprises three (3) members, all of whom are Independent Non-Executive Directors and its composition is as follows:-

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and in compliance with the applicable financial reporting standards.

The ARMC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The ARMC reviewed the unaudited quarterly financial reports and year-end financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

The ARMC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the ARMC are financially literate, with one (1) of the member of the ARMC is a member of the Malaysian Institute of Accountants ("MIA"). The ARMC has incorporated in its terms of reference a requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

The membership of the ARMC, meeting and attendance, summary of work of ARMC and the internal audit function are set out in the ARMC Report section of this Annual Report.

The functions and duties of the ARMC are set out in the Terms of Reference which is available on the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

### I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

#### Assessment of Suitability and Independence of External Auditors

The Board on its own and through the ARMC established a transparent and appropriate relationship with its external auditors. Regular and unrestricted communication exists between the ARMC and the external auditors.

The ARMC undertakes an annual assessment on the suitability, objectivity and independence of the external auditors. Having assessed their performance, the ARMC will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM. The ARMC had obtained assurance from the external auditors, confirming that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance to the terms of relevant professional and regulatory requirements.

The Company has established an External Auditor's Assessment Policy which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the external auditors. The said policy also sets out the process to assess the suitability, objectivity and independence of the external auditors. In addition, the audit partner is regulated by the MIA guidelines in which the audit partner is subject to a seven-year rotation to ensure independence of external auditors.

Further information on the ARMC is disclosed in the ARMC Report as contained in this Annual Report.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard shareholders' interests. The ARMC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of the Group's internal control environment and ensure compliance with the Listing Requirements, the internal audit function is outsourced to an independent professional service firm, GovernanceAdvisory.com Sdn Bhd ("GA"), and they are free from any relationships or conflict of interest that could impair their objectivity and independence.

GA reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

#### I. COMMUNICATION WITH STAKEHOLDERS

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted.

This policy provides a framework for the Board and the management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

##### (i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results and the distribution of annual reports and circulars in the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

##### (ii) Corporate Website

A corporate website at [www.acogroup.com.my](http://www.acogroup.com.my) is maintained and the said website contains timely and relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

##### (iii) Annual Reports

The Company's Annual Reports to shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

##### (iv) AGMs

The AGM is the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to attend the general meetings as it remains an interactive platform for shareholders to engage directly with the Directors. They are given sufficient time and opportunity to participate in the proceedings, raise possible concerns on the proposed resolutions and communicate on various aspects of the business. All Directors will attend and participate at the Group's general meetings to answer queries.

In the event where the AGM shall be held virtually, technology will be leveraged to facilitate effective and transparent communication and engagement with shareholders.

##### (v) Investor Relations

The Company's investor engagements initiatives are focused on maintaining transparent and strong relationships with the investing community. Shareholders and other interested parties are welcome to provide feedback and raise queries to the Company's Investor Relations representative, whose contact details are available on the Company's website, under the "Investor Relations" section.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (Continued)

#### II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with shareholders. The forthcoming AGM will be the third AGM of the Company. This will serve as a platform to shareholders to raise questions pertaining to the business activities of the Group. The Chairman together with other Directors and external auditors are expected to be present at the forthcoming AGM to respond to any enquiries from the shareholders as well as to have discussion with shareholders, if required.

Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf.

The COVID-19 pandemic has prompted the Company to leverage on technology to facilitate the conduct of virtual AGM since the FYE 2021. Shareholders will be able to participate, view live webcast, submit questions and vote remotely without being physically present at the venue. The Notice of AGM and related circular/statement to shareholders will be issued at least 28 days before the AGM in order to provide sufficient time for shareholders to understand and evaluate the subject matter. A summary of key matters discussed at the AGM will be made accessible through the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my) as soon as practicable upon being reviewed and approved by the Board.

Pursuant to Rule 8.31A(1) of the Listing Requirements, all resolutions set out in the notice of AGM will be put to vote by way of poll. The Board will make an announcement on the detailed results showing the number of votes cast for and against each resolution at the AGM to facilitate greater shareholder participation.

#### STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated this statement. Pursuant to Rule 15.25 of the Listing Requirements, the Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with the applicable laws and regulations throughout the FYE 2022. Save as disclosed in our Corporate Governance Report for the FYE 2022, which is available on our Company's website [www.acogroup.com.my](http://www.acogroup.com.my), the Company has applied and adopted the main practices of the MCCG.

This CG Overview Statement was approved by the Board on 30 May 2022.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM THE LISTING EXERCISE

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 March 2020 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 58,000,000 new ordinary shares at an issue price of RM0.28 per share, raising gross proceeds of RM16,240,000 ("IPO Proceeds").

The status of the utilisation of the IPO Proceeds as at 28 February 2022 is as follows:

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for use of proceeds from the listing date RM'000
Setting up of new sales outlets and lighting concept store	4,200	(767)	3,433	Within 36 months
Setting up works for the new property <sup>(1)</sup>	2,500	(1,956)	544	Within 30 months
Purchasing of new trucks and upgrading of IT system <sup>(2)</sup>	2,000	(322)	1,678	Within 36 months
Working capital	4,240	(4,240)	-	Within 12 months
Estimated listing expenses	3,300	(3,300)	-	Within 3 months
<b>Total</b>	<b>16,240</b>	<b>(10,585)</b>	<b>5,655</b>	

Notes:

- (1) The Company had made an announcement to Bursa Securities on 28 October 2020 to vary the use of proceeds which was earmarked for the setting up of new head office and distribution centre in Johor amounting to RM2.50 million works in relation to the purchase of new property on 23 July 2020.
- (2) The Company had made an announcement to Bursa Securities on 20 May 2021 to extend the timeframe for the purchasing of new trucks and upgrading of IT system amounting to RM2.00 million for an additional 12 months.
- (3) The Company further made an announcement to Bursa Securities on 8 March 2022 to extend the timeframe for the use of proceeds earmarked for the setting up of new head office and distribution, as well as for the purchasing of new trucks and upgrading of IT system, for an additional 12 months respectively.

The utilisation of proceeds as disclosed above should be read together with the prospectus of the Company dated 27 February 2020 as well as the Company's announcements dated 28 October 2020, 20 May 2021 and 8 March 2022 pertaining to the variation of proceeds and extension of time for the use of proceeds, respectively. In addition, shareholders are advised to read the Circular issued on 29 June 2022 together with this Annual Report for information pertaining to the proposed variation and extension of timeframe for the use of proceeds raised from the IPO of the Company.

### 2. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT

On 17 September 2020, the Company proposed to undertake a private placement of up to 56.500 million new ordinary shares ("Placement Shares"), representing approximately 18.83% of its existing total number of issued shares ("Private Placement").

As at the 28 February 2022 a total of nine tranches comprising 43,871,300 Placement Shares had been issued pursuant to the Private Placement. The total fund raised is approximately RM14.604 million. The Private Placement has been completed on 31 December 2021.

## ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

The status of utilisation of proceeds based on funds raised from the Private Placement as at 28 February 2022 is as follows:-

Purposes	Proposed Utilisation (Based on Announcement made on 17 September 2020) RM'000	Revised Utilisation (Pursuant to the completion of the Private Placement) RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated time frame for utilisation (from the date of listing of the Placement Shares)
Acquisition of Focus Electrical	5,145	5,145	(2,030)	3,115	Within 30 months
Capital injection in Focus Electrical	6,370	6,370	(6,370)	-	Within 12 months
Repayment of bank borrowings	2,435	-	-	-	Not applicable
Investment in new business	5,000	-	-	-	Not applicable
Working capital	3,000	2,439	(2,439)	-	Within 12 months
Estimated expenses in relation to the proposals	650	650	(650)	-	Upon completion of the proposals
<b>Total</b>	<b>22,600</b>	<b>14,604</b>	<b>(11,489)</b>	<b>3,115</b>	

The utilisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 17 September 2020 in relation to the Private Placement.

### 3. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, RSM Malaysia in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 28 February 2022 are as follows:

	Company RM '000	Group RM '000
Audit fees	26	110
Non-audit fees	5	5
	<b>31</b>	<b>115</b>

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the audited financial statements for the year ended 28 February 2022, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 28 February 2022 or entered into since the end of the previous period.

### 5. RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 28 February 2022.

### 6. EMPLOYEES SHARE SCHEME

The Company did not issue any Employees Share Scheme during the financial year ended 28 February 2022.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### INTRODUCTION

The Audit and Risk Management Committee ("ARMC") was established by the Board of Directors ("the Board") of ACO Group Berhad ("ACO" or "the Company") on 22 August 2019 to assist the Board to carry out its responsibilities. The ARMC is guided by its Terms of Reference ("TOR") which sets out the authority, functions and duties of the ARMC. The TOR of the ARMC is available for reference at the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my).

The ARMC is pleased to present its report for the financial year ended 28 February 2022 ("FYE 2022") ("ARMC Report").

### COMPOSITION

The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is a member of the Malaysian Institute of Accountants ("MIA") and the Council Member of the Malaysian Institute of Certified Public Accountants ("MICPA"). These meet the requirements of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance 2021 ("MCCG").

The Chairman of the ARMC is not the Chairman of the Board. This is in line with Practice 9.1 under the MCCG.

The composition of the ARMC is as follows:

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

### ATTENDANCE OF MEETINGS

The Audit Committee met five (5) times during the FYE 2022. The attendance details of the members at these meetings are as follows:-

Name of ARMC members	Attendance
Dr. Teh Chee Ghee	5/5
Yap Koon Roy	5/5
Ir. Dr. Ng Kok Chiang	5/5

The relevant responsible management members, representative(s) of the internal and/or external auditors were invited to brief the ARMC on specific issues arising from the audit reports or on any matters of specific interest.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

### SUMMARY OF ACTIVITIES OF ARMC

The summary of activities carried out by ARMC for financial year/period under review and up to date of approval of this statement by the Board is as follows:

#### Financial Reporting

Reviewed the quarterly results and the annual audited financial statements of the Group and of the Company for the FYE 2022 before recommending to the Board for their approval, focusing particularly on:-

- any changes in, or implementation of, major accounting policies and practices;
- any significant adjustments arising from the audit;
- any major judgmental areas, significant and unusual events;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

### External Audit

- Reviewed with the external auditors on their audit review memorandum on the statutory audit of the Group's for the FYE 2022;
- Reviewed and discussed with the external auditors on audit report of the financial statements and key audit matters for the FYE 2022;
- Conducted private meetings with the external auditors, without the presence of the management; and
- Evaluated the performance of the external auditors for the FYE 2022 covering areas such as quality, audit team resources and experience, audit scope, audit communication, audit governance and independence of the audit team and thereafter considered and make recommendation on the re-appointment of the external auditors.

### Internal Audit

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency;
- Reviewed and approved the Internal Audit Plan for the FYE 2022 to ensure high-risk areas and key processes were adequately identified and covered in the audit plan; and
- Reviewed the internal audit reports and considered the major findings and management's responses on each of the issues arising from the internal audit as to improve and enhance the systems of internal control of the Group.

### Others

- Reported to and updated the Board on significant issues and concerns discussed during the ARMC meetings and where appropriate, made the necessary recommendation to the Board;
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report; and
- Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the FYE 2022.

### **INTERNAL AUDIT FUNCTION**

The internal audit function of the Group is assumed by the internal auditors to assist the ARMC in discharging its duties and responsibilities. The role of internal auditors is to provide the ARMC with independent assessment for an adequate, efficient and effective Internal Control System to ensure compliance with policies and procedures. The internal audit function is also involved in the facilitation of risk management and risk evaluation, as well as recommendation of control activities to manage such identified risks.

The internal auditors report directly to the ARMC. The primary responsibility of the internal auditors is to assist the Board and the ARMC in reviewing and assessing management systems of internal control and procedures. The ARMC reviews and approves the internal audit engagement and fees to ensure the independence and objectivity of the internal auditors. The Group appointed GovernanceAdvisory.com Sdn Bhd ("GA") as its outsourced internal auditors to carry out the internal audit on the Group.

During the financial year/period under review and up to date of approval of this statement by the Board, the internal audit plan for the Group was presented to the ARMC by GA for discussion and approval.

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2022 was RM28,000.00 (2021: RM14,000.00), excluding risk management cost.

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 30 May 2022.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Board of Directors (“the Board”) of ACO Group Berhad (“ACO” or “the Company”) is pleased to present its Statement on Risk Management and Internal Control (“Statement”) of the Company and its subsidiaries (“the Group”) for the financial year ended 28 February 2022 (“FYE 2022”), which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

### BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility in maintaining a sound framework of risk management and internal control system which is fundamental for good corporate governance. The Board is committed to ensure the risk management and internal control framework is embedded into the culture, processes and structures of the Company.

The system of risk management and internal control covers not only financial controls but operational, risk management and compliance with all relevant regulations as well. In view of the limitations inherent in any system of risk management and internal control, the systems are designed to manage and control, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss or the occurrence of unforeseeable circumstances.

The Audit and Risk Management Committee (“ARMC”) assists the Board to review the adequacy and effectiveness of the risk management and internal control systems. The process is reviewed by the Board and the ARMC on a periodic basis or as and when required.

### MANAGEMENT'S RESPONSIBILITIES

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, evaluating, monitoring, reporting and taking appropriate and timely corrective actions to mitigate the risks faced by the Group. Management is also expected to provide assurance to the Board that the risk management and internal control systems are operating adequately and effectively based on the risk management framework and internal control framework adopted by the Company.

### RISK MANAGEMENT FRAMEWORK

The Board recognises that an effective risk management is critical for the Group's sustainability and the enhancement of shareholders' value. Thus, it should be extensively applied in all decision-making and strategic planning. The Management team is responsible for managing risks related to their functions or departments. The ARMC relies on the Management team to support in terms of:

- managing inherent risk of business processes under the risk owner's control;
- identifying and evaluating risks, and executing risk control measures;
- reporting significant risk to the ARMC and the Board at scheduled meetings in a proactive, responsible and accountable manner; and
- providing oversight on the establishment, implementation and review of the effectiveness of the risk management framework and internal control systems of the Group to the ARMC and the Board.

Management meetings and/or discussions are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are deliberated, reviewed, communicated and agreed upon.

This risk management process has been in place for the financial year under review and up to the date of approval of this Statement by the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### INTERNAL CONTROL SYSTEM

The Group has incorporated various key elements into its system of internal control, among which includes:

#### Limits of Authority

A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

#### Policies and Procedures

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. These are reviewed regularly to ensure that the gaps in controls are addressed and where required, revised to meet the business condition.

#### Whistle-Blowing

A Whistle-blowing policy is established to provide an avenue for employees to report any breach or suspected breach of any law or regulation in a safe and confidential manner.

#### Anti-Bribery Policy

An Anti-Bribery Management System Policy is established. The policy calls for commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in our business activities and operations.

#### Internal Audit Function

The Internal Audit function reports directly to the ARMC. Findings are communicated to the Management and the ARMC with recommendations for improvements and follow-up to ensure all agreed recommendations are implemented. The Internal Audit plan is reviewed and approved by the ARMC.

The Board appointed an external independent professional consulting firm, which reports directly to the ARMC on a regular basis, as internal auditors and risk management consultants of the Company. Their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of the risk management, control and governance.

The outsourced internal audit function is free from any relationship or conflict of interest which could impair their objectivity and independence. The outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively; obtained sufficient resources and has unrestricted access to employees and information for the internal audit activity.

The risk-based internal audit plan in respect of FYE 2022 was proposed by the outsourced internal audit function after taking into consideration the existing and emergent key business risks identified by the Management. The audit plan was reviewed and approved by the ARMC prior to execution. Each internal audit cycle is specific with regard to audit scopes and objectives to be assessed.

Any high-impact audit findings with regards to risk, control and governance coupled with recommendations for further improvement will be escalated to the attention and scrutiny of the Management team and subsequently tabled to the ARMC. Follow-up reviews are conducted to ensure proper and effective remedial actions are taken to address the control gaps highlighted.

The professional fee incurred by the Group for internal audit review during FYE 2022 amounted to RM28,000.00.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### ASSURANCE

The Board has received assurances from the Group Managing Director and Executive Directors that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during FYE 2022. There are no significant areas of concern that may affect the financial, operational and compliance controls.

### REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Rule 15.23 of the AMLR, the external auditors have reviewed this Statement. The review of the Statement by the external auditors is guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### CONCLUSION

The Board is of the view that the Group's risk management and internal control system for FYE 2022, and up to the date of approval of this Statement, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2022.

## DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year/period, and of the results and cash flows of the Group and of the Company for the financial year/period.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.





# FINANCIAL STATEMENTS

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The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2022.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and activities of head offices, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

## RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	7,063,235	(340,239)

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2022.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued: -

- (i) 1,660,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM498,000 for working capital purposes; and
- (ii) 5,835,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM1,750,500 for working capital purposes; and
- (iii) 7,000,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM2,100,000 for working capital purposes; and
- (iv) 2,083,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM499,992 for working capital purposes.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any new debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS' REPORT

(Cont'd)

### DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are: -

Yap Koon Roy  
Tang Pee Tee @ Tan Chang Kim  
Tan Yushan  
Chai Poh Choo  
Dr. Teh Chee Ghee  
Ir. Dr. Ng Kok Chiang

### DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries who held office during the financial year until the date of this report, excluding those who are already listed above are: -

Jin Siew Yen  
Gan Bee Hong  
Goh Bee Tin  
Woo Yoong Eng

### DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	At 1.3.2021	Number of ordinary shares		At 28.02.2022
		Addition	(Disposed)	
<b>THE COMPANY</b>				
<b>Direct interest</b>				
Dr. Teh Chee Ghee	200,000	-	-	200,000
Ir. Dr. Ng Kok Chiang	300,000	388,000	-	688,000
Yap Koon Roy	200,000	-	-	200,000
<b>Deemed interest</b>				
Tang Pee Tee @ Tan Chang Kim	210,470,000 *	-	-	210,470,000
Tan Yushan	210,470,000**	-	-	210,470,000
<b>HOLDING COMPANY</b>				
Kompas Realty Sdn. Bhd.				
<b>Direct interest</b>				
Tang Pee Tee @ Tan Chang Kim	400,000	-	-	400,000
Tan Yushan	50,000	-	-	50,000

\* Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his spouse and son, pursuant to Section 59(1)(c) of the Companies Act 2016.

\*\* Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his parents, pursuant to Section 59(1)(c) of the Companies Act 2016.

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' INTERESTS (Continued)

By virtue of Tang Pee Tee @ Tan Chang Kim and Tan Yushan's deemed interest in the Company, they are also deemed to have an interest in the shares of all subsidiaries of the Company to the extent that the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 35 to the financial statements.

### INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the directors and officers of the Group and the Company is as follows:

	Group RM	Company RM
Directors and officers	7,642	7,642

No indemnities have been given or insurance premiums paid for the auditors of the Group and the Company.

### HOLDING COMPANY

The directors of the Company regard Kompas Realty Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

### SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

### AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 24 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

## DIRECTORS' REPORT

(Cont'd)

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.



## AUDITORS

The auditors, RSM Malaysia PLT (converted from a conventional partnership, RSM Malaysia, on 3rd January 2022), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**TANG PEE TEE @ TAN CHANG KIM**

**TAN YUSHAN**

Kuala Lumpur

## STATEMENTS OF FINANCIAL POSITION

### AS AT 28 FEBRUARY 2022

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	19,880,515	17,554,197	-	-
Right-of-use assets	7	14,908,514	4,572,351	-	-
Investment properties	8	4,600,000	4,600,000	-	-
Investment in a subsidiary	9	-	-	35,320,350	35,320,350
Investment in an associate	10	10,072,800	8,032,105	-	-
Other investment	11	1,017,010	-	-	-
Deferred tax assets	12	10,046	-	-	-
		50,488,885	34,758,653	35,320,350	35,320,350
<b>CURRENT ASSETS</b>					
Inventories	13	42,007,159	38,869,286	-	-
Trade and other receivables	14	34,127,349	36,051,220	26,795,905	17,444,565
Current tax assets		87,484	141,573	-	-
Prepayments	15	345,363	414,692	33,499	-
Cash and cash equivalents	16	23,782,825	25,708,116	6,079,326	11,021,916
		100,350,180	101,184,887	32,908,730	28,466,481
<b>TOTAL ASSETS</b>		150,839,065	135,943,540	68,229,080	63,786,831
<b>EQUITY AND LIABILITIES</b>					
Share capital	17	67,621,502	62,909,338	67,621,502	62,909,338
Reorganisation reserve	18	(27,860,647)	(27,860,647)	-	-
Retained earnings		44,656,064	37,592,829	454,738	794,977
<b>TOTAL EQUITY</b>		84,416,919	72,641,520	68,076,240	63,704,315

# STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2022 (Cont'd)

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	19	14,736,117	7,304,110	-	-
Lease liabilities	20	77,496	257,044	-	-
Deferred tax liabilities	12	403,790	362,178	-	-
Trade and other payables	21	-	747,000	-	-
		15,217,403	8,670,332	-	-
<b>CURRENT LIABILITIES</b>					
Loans and borrowings	19	12,707,065	16,891,909	-	-
Lease liabilities	20	179,549	224,049	-	-
Current tax liabilities		225,352	1,097,562	31,982	-
Trade and other payables	21	38,092,777	36,418,168	120,858	82,516
		51,204,743	54,631,688	152,840	82,516
<b>TOTAL LIABILITIES</b>		66,422,146	63,302,020	152,840	82,516
<b>TOTAL EQUITY AND LIABILITIES</b>		150,839,065	135,943,540	68,229,080	63,786,831

The annexed notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>REVENUE</b>	22	124,930,052	110,590,449	278,000	2,650,000
<b>COST OF SALES</b>		(105,017,059)	(91,839,190)	-	-
<b>GROSS PROFIT</b>		19,912,993	18,751,259	278,000	2,650,000
<b>OTHER INCOME</b>		862,557	1,165,450	152,470	137,216
<b>ADMINISTRATIVE EXPENSES</b>		(12,871,962)	(14,371,216)	(693,639)	(961,762)
<b>OPERATING PROFIT/(LOSS)</b>		7,903,588	5,545,493	(263,169)	1,825,454
<b>FINANCE COSTS</b>	23	(891,483)	(1,013,440)	-	-
<b>SHARE OF RESULTS OF ASSOCIATE</b>		2,004,026	600,041	-	-
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	24	9,016,131	5,132,094	(263,169)	1,825,454
<b>TAXATION</b>	25	(1,952,896)	(2,286,162)	(77,070)	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		7,063,235	2,845,932	(340,239)	1,825,454
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		7,063,235	2,845,932	(340,239)	1,825,454
Non-controlling interests		-	-	-	-
		7,063,235	2,845,932	(340,239)	1,825,454
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		7,063,235	2,845,932	(340,239)	1,825,454
Non-controlling interests		-	-	-	-
		7,063,235	2,845,932	(340,239)	1,825,454
<b>EARNINGS PER SHARE (RM)</b>					
- Basic and diluted	27	0.02	0.01		

The annexed notes form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Note	Attributable to owners of the Company			Total equity RM
		Share capital RM	Non-distributable Reorganisation reserve RM	Distributable Retained earnings RM	
<b>Group</b>					
At 1 March 2020		36,300,850	(27,860,647)	35,689,077	44,129,280
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,845,932	2,845,932
Transactions with owners of the Company					
- Issue of shares	17	25,996,450	-	-	25,996,450
- Issue of shares for investment in an associate	17	1,470,000	-	-	1,470,000
- Share issuance expenses	17	(857,962)	-	-	(857,962)
- Dividend	28	-	-	(942,180)	(942,180)
		26,608,488	-	(942,180)	25,666,308
At 28 February 2021/1 March 2021		62,909,338	(27,860,647)	37,592,829	72,641,520
Profit for the financial year, representing total comprehensive income for the financial year		-	-	7,063,235	7,063,235
Transactions with owners of the Company					
- Issue of shares	17	4,848,492	-	-	4,848,492
- Share issuance expenses	17	(136,328)	-	-	(136,328)
		4,712,164	-	-	4,712,164
At 28 February 2022		67,621,502	(27,860,647)	44,656,064	84,416,919

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (Cont'd)

		Attributable to owners of the Company		
		Non-distributable	Distributable	
			(Accumulated losses)/	
	Note	Share capital RM	Retained Earnings RM	Total RM
<b>Company</b>				
At 1 March 2020		36,300,850	(88,297)	36,212,553
Profit for the financial period, representing total comprehensive income for the financial period		-	1,825,454	1,825,454
Transactions with owners of the Company				
- Issue of shares	17	25,996,450	-	25,996,450
- Issue of shares for investment in an associate	17	1,470,000	-	1,470,000
- Share issuance expenses	17	(857,962)	-	(857,962)
- Dividend	28	-	(942,180)	(942,180)
		26,608,488	(942,180)	25,666,308
At 28 February 2021/1 March 2021		62,909,338	794,977	63,704,315
Loss for the financial year, representing total comprehensive loss for the financial year		-	(340,239)	(340,239)
Transactions with owners of the Company				
- Issue of shares	17	4,848,492	-	4,848,492
- Share issuance expenses	17	(136,328)	-	(136,328)
		4,712,164	-	4,712,164
At 28 February 2022		67,621,502	454,738	68,076,240

The annexed notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

		Group	Company	
Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	9,016,131	5,132,094	(263,169)	1,825,454
Adjustments for:				
Depreciation of property, plant and equipment	61,065,392	1,011,439	-	-
Depreciation of right-of-use assets	7939,461	671,672	-	-
Property, plant and equipment written off	2428,505	650	-	-
Bad debts written off	245,425	-	-	-
Impairment losses on trade receivables	1479,554	676,662	-	-
Reversal of impairment losses on trade receivables	14(302,476)	(88,320)	-	-
Bad debts recovered	24(4,211)	(18,000)	-	-
Interest expenses	23891,483	1,013,440	-	-
Interest income	24(271,430)	(235,034)	(152,470)	(137,216)
Loss on disposal of investment property	24-	350,000	-	-
Share of results of associate	10(2,004,026)	(600,041)	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>9,443,808</b>	<b>7,914,562</b>	<b>(415,639)</b>	<b>1,688,238</b>
Increase in inventories	(3,137,873)	(3,487,993)	-	-
Decrease/(Increase) in trade and other receivables	2,145,579	(3,744,187)	(9,351,339)	(1,500)
Decrease/(Increase) in prepayments	69,329	506,183	(33,499)	123,487
Increase in trade and other payables	927,609	5,364,724	38,341	30,516
<b>Cash generated from/(used in) operating activities</b>	<b>9,448,452</b>	<b>6,553,289</b>	<b>(9,762,136)</b>	<b>1,840,741</b>
Income tax paid	(2,739,451)	(2,363,437)	(45,088)	-
Income tax refund	-	99,698	-	-
Interest received	271,430	235,034	152,470	137,216
Interest paid	(6,872)	(60,039)	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>6,973,559</b>	<b>4,464,545</b>	<b>(9,654,754)</b>	<b>1,977,957</b>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (Cont'd)

		2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Note					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in an associate	(a)	(36,669)	(5,215,064)	-	-
Proceeds from disposal of property, plant and equipment		2,340	-	-	-
Proceeds from disposal of investment property		-	381,439	-	-
Purchase of property, plant and equipment		(3,388,259)	(410,292)	-	-
Purchase of right-of-use assets	(b)	(2,248,108)	-	-	-
Other investment	(c)	(1,017,010)	-	-	-
Change in pledge deposits		(55,500)	-	-	-
<b>Net cash used in investing activities</b>		<b>(6,743,206)</b>	<b>(5,243,917)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to owners of the Company	28	-	(942,180)	-	(942,180)
Proceeds from issuance of ordinary shares		4,712,164	25,138,488	4,712,164	25,138,488
Proceed from term loan		400,000	-	-	-
Repayment of term loans		(1,552,944)	(163,121)	-	-
Repayment of finance lease liabilities		(321,960)	(328,411)	-	-
Proceeds from bankers' acceptances		7,975,000	6,871,000	-	-
Repayment of bankers' acceptances		(9,048,000)	(7,044,565)	-	-
Proceeds from trust receipts		32,438,696	26,406,357	-	-
Repayment of trust receipts		(34,807,910)	(26,951,815)	-	-
Payment of lease liabilities		(233,360)	(242,319)	-	-
Repayment of amount owing to a director		-	(10,000)	-	(10,000)
Advances to a subsidiary		-	-	-	(15,161,477)
Interest paid		(884,611)	(953,401)	-	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,322,925)</b>	<b>21,780,033</b>	<b>4,712,164</b>	<b>9,024,831</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,092,572)</b>	<b>21,000,661</b>	<b>(4,942,590)</b>	<b>11,002,788</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/DATE OF INCORPORATION</b>		<b>23,799,897</b>	<b>2,799,236</b>	<b>11,021,916</b>	<b>19,128</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	(d)	<b>22,707,325</b>	<b>23,799,897</b>	<b>6,079,326</b>	<b>11,021,916</b>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (Cont'd)

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(a) Investment in an associate					
Investment in an associate	10	36,669	7,432,064	-	-
Issuance of shares		-	(1,470,000)	-	-
Other payable		-	(747,000)	-	-
Net cash paid to associate		36,669	5,215,064	-	-
(b) Purchase of right-of-use assets					
Addition of right-of-use assets	7	11,309,920	9,072	-	-
Operating leases recognised as right-of-use assets		(9,312)	(9,072)	-	-
Financed by way of finance lease arrangements		(9,052,500)	-	-	-
Cash payments on purchase of right-of-use assets		2,248,108	-	-	-
(c) Other investment					
Addition	11	1,017,010	-	-	-
Net cash paid		1,017,010	-	-	-
(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:					
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Short-term deposits	16	1,174,629	1,099,921	-	-
Less: Pledged deposits		(1,075,500)	(1,020,000)	-	-
		99,129	79,921	-	-
Cash and bank balances	16	22,608,196	24,608,195	6,079,326	11,021,916
Bank overdrafts	19	-	(888,219)	-	-
		22,707,325	23,799,897	6,079,326	11,021,916

The annexed notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022

## 1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and activities of head offices, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

### 3.2 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Associates

Associates are entities over which the Group has the power to participate in their financial and operating policy decisions, but which is not control or joint control. Associates are accounted for using the equity method of accounting.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.2 Basis of consolidation (Continued)****(ii) Associates (Continued)**

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

**(iii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.2 Basis of consolidation (Continued)

#### (iii) Business combinations (Continued)

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.3 Foreign currency

#### Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2022 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3 Foreign currency (Continued)

##### Foreign currency transaction (Continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### 3.4 Financial instruments

##### (a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

##### (b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

##### (c) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.4 Financial instruments (Continued)

#### (d) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

- (i) **Financial assets at AC**  
A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (ii) **Financial assets at FVOCI**  
A financial asset is measured at FVOCI if: (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (iii) **Financial asset at FVPL**  
A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.4(h).

#### (e) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

- (i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.
- (iii) Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

#### (f) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.20.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.4 Financial instruments (Continued)****(g) Recognition of gains and losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or losses are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

**(h) Impairment of financial assets**

The Group and the Company apply the expected credit loss model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime expected credit loss is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime expected credit losses.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The expected credit loss (ECL) is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.5 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follow:

Leasehold lands	39 - 88 years
Freehold buildings	33 years
Leasehold buildings	33 years
Computers and software	2 - 5 years
Furniture and fittings	5 - 10 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Renovation	5 - 10 years

Freehold lands are not depreciated.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2022 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.6 Leases

##### (a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (b) Recognition and initial measurement

###### (i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.6 Leases (Continued)****(b) Recognition and initial measurement (Continued)****(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

**(c) Subsequent measurement****(i) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(ii) As a lessor**

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

**3.7 Investment properties****Investment properties carried at fair value**

Investment properties are properties which are owned to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services, property transfer taxes). The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.7 Investment properties (Continued)****Investment properties carried at fair value (Continued)**

Subsequently, investment properties are carried at fair value at the reporting date and, unlike operational properties, they are not depreciated. Fair value is based on active market prices adjusted as necessary to reflect the specific assets' location and condition. In cases where active market prices are not available, the Group engages independent valuers who hold a recognised and relevant professional qualification. Changes in fair value are recognised in the statement of profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**3.8 Inventories**

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a weighted average cost formula. The cost of finished goods comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

**3.9 Impairment of non-financial assets****Impairment of property, plant and equipment**

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

**3.10 Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and on hand, on demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Since the characteristics of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the Group's and the Company's cash management.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.11 Equity

#### (a) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

#### (b) Dividend distribution

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Group and the Company measure the dividend payable at the fair value of the assets to be distributed.

### 3.12 Employee benefits

#### (a) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absence such as paid annual leave is recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company has no further payment obligations.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 FEBRUARY 2022 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group and the Company have a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

#### 3.14 Revenue and other income

##### (a) Revenue from contracts with customers

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

##### (b) Rental income

Rental income from investment properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (c) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

##### (d) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 3.16 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.17 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.17 Income taxes (Continued)**

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

**3.18 Earnings per ordinary shares**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, and adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**3.19 Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**3.20 Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

### 4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2021:

- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and the Company.

### 4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

#### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

#### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 March 2022 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022.

### 4.3 MFRSs and Amendments to MFRSs not adopted

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.
- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions* is not adopted because the changes to the lease of the Group and the Company do not meet the conditions specified in the Amendment to qualify for practical expedient for a rent concession.
- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concession beyond 30 June 2021* is not applicable to the Group and the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### 28 FEBRUARY 2022 (Cont'd)

#### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### 5.1 Loss allowances of financial assets

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts, current economic trends, the impact of the coronavirus ("COVID-19") pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

##### 5.2 Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 13).

##### 5.3 Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

##### 5.4 Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### 5.5 Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

#### 5.6 Fair value measurement

Investment properties of the Group are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group works closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group without adjustment. The carrying amounts of investment properties at the end of the reporting year affected by the assumption are disclosed in Note 8 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold lands	Freehold buildings	Computers and software	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1.3.2020	7,556,000	6,507,751	2,221,323	964,595	1,162,624	1,313,371	4,637,827	24,363,491
Additions	-	-	88,236	52,100	103,800	106,456	59,700	410,292
Written off	-	-	-	-	-	(780)	-	(780)
Transfer from right-of-use assets	-	-	88,137	-	-	43,500	-	131,637
At 28.2.2021/1.3.2021	7,556,000	6,507,751	2,397,696	1,016,695	1,266,424	1,462,547	4,697,527	24,904,640
Additions	-	-	183,766	799,113	261,400	400,081	1,743,899	3,388,259
Disposal	-	-	-	-	-	(7,590)	-	(7,590)
Written-off	-	-	(898,747)	(96,683)	(72,000)	(172,951)	(197,441)	(1,437,822)
Reclassification	(225,000)	225,000	-	-	-	-	-	-
Transfer from right-of-use assets	-	-	-	-	298,755	-	-	298,755
At 28.2.2022	7,331,000	6,732,751	1,682,715	1,719,125	1,754,579	1,682,087	6,243,985	27,146,242

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold lands RM	Freehold buildings RM	Computers and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
<b>Accumulated depreciation</b>								
At 1.3.2020	-	880,317	2,114,475	339,050	1,087,413	544,392	1,270,489	6,236,136
Charge for the financial year	-	201,355	93,923	87,515	41,209	130,573	456,864	1,011,439
Written off	-	-	-	-	-	(130)	-	(130)
Transfer from right-of-use assets	-	-	88,136	-	-	14,862	-	102,998
At 28.2.2021/1.3.2021	-	1,081,672	2,296,534	426,565	1,128,622	689,697	1,727,353	7,350,443
Charge for the financial year	-	201,356	56,771	109,388	62,797	144,377	490,703	1,065,392
Disposal	-	-	-	-	-	(5,250)	-	(5,250)
Written-off	-	-	(898,667)	(93,906)	(71,998)	(162,757)	(181,989)	(1,409,317)
Transfer from right-of-use assets	-	-	-	-	264,459	-	-	264,459
At 28.2.2022	-	1,283,028	1,454,638	442,047	1,383,880	666,067	2,036,067	7,265,727
<b>Carrying amount</b>								
At 1.3.2020	7,556,000	5,627,434	106,848	625,545	75,211	768,979	3,367,338	18,127,355
At 28.2.2021	7,556,000	5,426,079	101,162	590,130	137,802	772,850	2,970,174	17,554,197
At 28.2.2022	7,331,000	5,449,723	228,077	1,277,078	370,699	1,016,020	4,207,918	19,880,515

## (a) Assets pledged as security

The freehold lands and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 7. RIGHT-OF-USE ASSETS

Group Cost	Leasehold lands RM	Computers and software RM				Motor vehicles RM	Office equipment RM	Total RM
		Buildings RM						
At 1.3.2020	1,270,326	3,172,580	88,137	1,629,534	255,500	6,416,077		
Additions	-	9,072	-	-	-	9,072		
Disposal	-	(66,234)	-	-	-	(66,234)		
Transfer to property, plant and equipment	-	-	(88,137)	-	(43,500)	(131,637)		
At 28.2.2021/1.3.2021	1,270,326	3,115,418	-	1,629,534	212,000	6,227,278		
Addition	3,000,608	8,309,312	-	-	-	11,309,920		
Transfer to property, plant and equipment	-	-	-	(298,755)	-	(298,755)		
At 28.2.2022	4,270,934	11,424,730	-	1,330,779	212,000	17,238,443		

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 7. RIGHT-OF-USE ASSETS (CONTINUED)

Group	Leasehold lands RM	Buildings RM	Computers and software RM	Motor vehicles RM	Office equipment RM	Total RM
<b>Accumulated depreciation</b>						
At 1.3.2020	43,307	410,243	88,136	528,787	36,017	1,106,490
Charge for the financial year	14,435	308,321	-	325,904	23,012	671,672
Disposal	-	(20,237)	-	-	-	(20,237)
Transfer to property, plant and equipment	-	-	(88,136)	-	(14,862)	(102,998)
At 28.2.2021/1.3.2021	57,742	698,327	-	854,691	44,167	1,654,927
Charge for the financial year	91,380	548,360	-	278,521	21,200	939,461
Transfer to property, plant and equipment	-	-	-	(264,459)	-	(264,459)
At 28.2.2022	149,122	1,246,687	-	868,753	65,367	2,329,929
<b>Carrying amount</b>						
At 1.3.2020	1,227,019	2,762,337	1	1,100,747	219,483	5,309,587
At 28.2.2021	1,212,584	2,417,091	-	774,843	167,833	4,572,351
At 28.2.2022	4,121,812	10,178,043	-	462,026	146,633	14,908,514



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**7. RIGHT-OF-USE ASSETS (CONTINUED)**

The Group has lease contracts for various items of leasehold lands, buildings, computers and software, motor vehicles and office equipment used for their operations. Leases of lands and buildings have remaining lease terms of between 1 to 84 years (2021: 1 to 85 years), whilst computers and software, motor vehicles and office equipment generally have lease terms between 1 to 7 years (2021: 1 to 8 years) with the options to purchase the assets at the end of the lease term.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the “short-term lease” and “lease of low-value assets” recognition exemption for these leases.

**(a) Assets under finance lease**

The carrying amount of assets under finance lease arrangements are as follows:

	2022 RM	2021 RM
<b>Group</b>		
Motor vehicles	462,026	774,843
Office equipment	146,633	167,833
	608,659	942,676

**(b) Assets pledged as security**

In addition to those assets as disclosed in Note 7(a) above, the leasehold lands and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 19.

**8. INVESTMENT PROPERTIES**

	Freehold lands RM	Freehold buildings RM	Total RM
<b>Group</b>			
At fair value			
At 1.3.2020	3,629,000	2,821,000	6,450,000
Disposal	(700,000)	(1,150,000)	(1,850,000)
At 28.2.2021/28.2.2022	2,929,000	1,671,000	4,600,000

The Group leases several of its investment properties which have remaining lease term of 1 year (2021: 1 year). Rental charges are revised every 2 years (2021: 2 years) to reflect current market conditions.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 8. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	2022 RM	2021 RM
<b>Group</b>		
Rental income	207,500	199,993
Direct operating expenses:		
- income generating investment properties	18,613	44,289

**Investment properties pledged as security**

Freehold lands and buildings with a carrying fair value of RM2,900,000 (2021: RM2,900,000) have been pledged as security to secure loan and borrowings granted to the Group as disclosed in Note 19.

**Fair value information**

The fair value of investment properties of approximately RM4,600,000 (2021: RM4,600,000) is categorised at Level 2 of the fair value hierarchy.

There are no Level 1 and Level 3 investment properties or transfers between Level 1, Level 2 and Level 3 during the financial year under review.

**Level 2 fair value**

Level 2 fair values of freehold lands and buildings have been derived using the sales comparison approach. Sales prices of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

**Valuation processes applied by the Group**

The fair values of investment properties are determined by an external independent property valuer, who is a member of the Institute of Valuers in Malaysia with appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

## 9. INVESTMENT IN A SUBSIDIARY

	Company 2022 RM	2021 RM
<b>At cost</b>		
Unquoted shares		
At beginning/end of financial year	35,320,350	35,320,350

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 9. INVESTMENT IN A SUBSIDIARY (CONTINUED)

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
ACO Holdings Sdn. Bhd. *	Malaysia	100	100	Management consultancy activities
Actgen Industry Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Electric Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maydenki Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maylec Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Voltage Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories

\* The subsidiaries are audited by RSM Malaysia PLT.

# The entire equity interest is held by the Company's subsidiary, ACO Holdings Sdn. Bhd.

## 10. INVESTMENT IN AN ASSOCIATE

	2022 RM	Group 2021 RM
<b>Unquoted shares, at cost</b>		
At beginning of financial year	8,032,105	-
Addition	36,669	7,432,064
Share of accumulated post-acquisition gains	2,004,026	600,041
At end of financial year	10,072,800	8,032,105

Name of Company	Interest in equity held by the Company		Principal activities
	2022 %		
Focus Electrical Malaysia Sdn. Bhd. ("Focus Electrical") *#	49		Trading of electronic, electrical goods, lighting and lighting accessories

\* The associate is audited by RSM Malaysia PLT.

# The associate was accounted for using the equity method by the Group based on management accounts as at 28 February 2022 as the associate's financial year ends on 30 April.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The addition during the financial year of RM36,669 being disbursement charges on transfer of shares.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	<b>Focus Electrical</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Summarised financial information		
<b>As at 28 February</b>		
Non-current assets	23,185,925	23,900,290
Current assets	43,534,361	34,532,698
Non-current liabilities	(8,907,249)	(9,635,637)
Current liabilities	(36,705,982)	(32,130,175)
Net assets	21,107,055	16,667,176

	<b>Focus Electrical</b>	
	<b>1.3.2022</b>	<b>16.12.2020</b>
	<b>to</b>	<b>to</b>
	<b>28.2.2022</b>	<b>28.2.2021</b>
	<b>RM</b>	<b>RM</b>
Profit from continuing operations	4,089,849	1,224,574
Other comprehensive income	-	-
Profit and total comprehensive income	4,089,849	1,224,574

## Group's share of results

Group's share of profit from continuing operations	2,004,026	600,041
Group's share of other comprehensive income	-	-
Group's share of profit and total comprehensive income	2,004,026	600,041

## 11. OTHER INVESTMENT

	<b>Group</b>
	<b>2022</b>
	<b>RM</b>
<b>Unquoted shares, at cost</b>	
At beginning of financial year	-
Addition	1,017,010
At end of financial year	1,017,010

Included in the cost of other investment is an amount of RM17,010 being disbursement charges on transfer of shares.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

	2022 RM	Group 2021 RM
At beginning of the financial year	(362,178)	(362,178)
Recognised in profit or loss (Note 25)	(31,566)	-
At end of the financial year	(393,744)	(362,178)
Represented as:		
Deferred tax assets	10,046	-
Deferred tax liabilities	(403,790)	(362,178)
	(393,744)	(362,178)

The deferred tax liabilities comprise the tax effect of:

	2022 RM	Group 2021 RM
Shortfall of tax written down value over carrying amount of property, plant and equipment	(360,462)	(235,923)
Revaluation surplus on investment properties	(133,518)	(126,255)
Unabsorbed capital allowances	28,661	-
Others	71,575	-
	(393,744)	(362,178)

## 13. INVENTORIES

	2022 RM	Group 2021 RM
At the lower of cost and net realisable value		
Trading goods	42,007,159	38,869,286
Recognised in profit or loss:		
Inventories recognised as cost of sales	105,017,059	91,839,190

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
<b>Trade</b>					
Trade receivables					
- third parties		33,855,896	34,792,573	-	-
- related parties		603,513	714,587	-	-
	(a)	34,459,409	35,507,160	-	-
Less: Impairment loss on trade receivables					
At beginning of financial year		(971,605)	(804,109)	-	-
Impairment loss for the year		(79,554)	(676,662)	-	-
Reversal of impairment losses		302,476	88,320	-	-
Written off previously provided for		58,199	420,846	-	-
At end of financial year		(690,484)	(971,605)	-	-
		33,768,925	34,535,555	-	-
<b>Non-trade</b>					
Other receivables		165,833	146,410	-	-
Amount owing by a subsidiary	(b)	-	-	26,794,405	17,443,065
Deposits		192,591	1,369,255	1,500	1,500
		358,424	1,515,665	26,795,905	17,444,565
Trade and other receivables		34,127,349	36,051,220	26,795,905	17,444,565

## (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group are between 30 days to 120 days (2021: 30 days to 120 days). Other credit terms are assessed and approved on case-by-case basis.

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2022 RM	2021 RM
Neither past due nor impaired	22,270,715	20,926,588
Past due		
1 to 30 days past due	6,543,250	6,095,104
31 to 60 days past due	3,127,341	3,395,256
61 to 90 days past due	568,220	1,721,617
More than 91 days past due	1,949,883	3,368,595
	12,188,694	14,580,572
	34,459,409	35,507,160

## (b) Amount owing by a subsidiary

Amount owing by a subsidiary was unsecured, non-interest bearing, receivable on demand and is expected to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 15. PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Prepayments	345,363	414,692	33,499	-

## 16. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances		22,608,196	24,608,195	6,079,326	11,021,916
Short-term deposits	(a)	1,174,629	1,099,921	-	-
		23,782,825	25,708,116	6,079,326	11,021,916

## (a) Short-term deposits

The effective rate per annum of short-term deposits that was effective as at reporting date is 1.65% (2021: 1.65% to 2.65%).

Included in the deposits placed with licensed bank of the Group is an amount of RM1,075,500 (2021: RM1,020,000) pledged for credit facilities granted to the Group as disclosed in Note 19.

## (b) Currency exposure

The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia ("RM")	23,782,474	25,707,724	6,079,326	11,021,916
United States Dollar ("USD")	351	392	-	-
	23,782,825	25,708,116	6,079,326	11,021,916

## 17. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	Amount RM	Number of shares	Amount RM
<b>Issued and fully paid:</b>				
At beginning of financial year	330,793,000	62,909,338	242,000,000	36,300,850
Issuance of ordinary shares	16,578,000	4,848,492	85,293,000	25,996,450
Issuance of shares for investment in an associate	-	-	3,500,000	1,470,000
Less: Share issuance expenses	-	(136,328)	-	(857,962)
At end of financial year	347,371,000	67,621,502	330,793,000	62,909,338



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**17. SHARE CAPITAL (CONTINUED)**

During the financial year, the Company issued 16,578,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM4,848,492 to fund the Company's investment and working capital.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**18. REORGANISATION RESERVE**

The reorganisation reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under the merger accounting principles.

**19. LOANS AND BORROWINGS**

	Note	2022 RM	Group 2021 RM
<b>Non-current</b>			
Term loans		14,558,325	6,932,384
Finance lease liabilities		177,792	371,726
		14,736,117	7,304,110
<b>Current</b>			
Term loans		851,544	577,928
Finance lease liabilities		200,600	328,625
Bankers' acceptances		2,490,000	3,563,000
Trust receipts		9,164,921	11,534,137
Bank overdrafts		-	888,219
		12,707,065	16,891,909
		27,443,182	24,196,019
<b>Total loans and borrowings</b>			
Term loans	(a)	15,409,869	7,510,312
Finance lease liabilities	(b)	378,392	700,351
Bankers' acceptances	(c)	2,490,000	3,563,000
Trust receipts	(d)	9,164,921	11,534,137
Bank overdrafts	(e)	-	888,219
		27,443,182	24,196,019

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**19. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans**

Term loan 1 of the Group which was fully repaid during the financial year (2021: RM392,742) borne interest at 3.37% (2021: 3.37%) per annum and was repayable by monthly instalments of RM3,690 over fifteen years commencing from the date of first drawdown and was secured and supported as follow:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6.

Term loan 2 of the Group which was fully repaid during the financial year (2021: RM400,000) borne interest at 4.82% (2021: 4.82%) per annum and was repayable by monthly instalments of RM10,000 over five years commencing from the date of first drawdown and was secured and supported as follows:

- (i) Corporate guarantee by the subsidiary; and
- (ii) Personal guarantee by the subsidiary's director.

Term loan 3 of the Group of RM1,672,045 (2021: RM1,746,781) bears interest at 3.44% (2021: 3.44%) per annum and is repayable by monthly instalments of RM12,816 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

Term loan 4 of the Group of RM727,893 (2021: RM758,088) bears interest at 3.79% (2021: 3.79%) per annum and is repayable by monthly instalments of RM5,441 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6;
- (ii) Corporate guarantee by the subsidiary; and
- (iii) Joint and several guarantee by the Company's director and management personnel.

Term loan 5 of the Group of RM858,085 (2021: RM984,676) bears interest at 5.64% (2021: 5.64%) per annum and is repayable by monthly instalments of RM13,702 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

Term loan 6 of the Group of RM803,840 (2021: RM922,547) bears interest at 5.64% (2021: 5.64%) per annum and is repayable by monthly instalments of RM12,846 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

Term loan 7 of the Group of RM2,211,673 (2021: RM2,305,478) bears interest at 3.69% (2021: 3.69%) per annum and is repayable by monthly instalments of RM16,198 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold land and building as disclosed in Note 6;
- (ii) Corporate guarantee by the subsidiary; and
- (iii) Joint and several guarantee by the Company's director and subsidiary's director.

Term loan 8 of the Group of RM8,758,473 bears interest at 5.49% per annum and is repayable by monthly instalments of RM57,351 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the leasehold land and building as disclosed in Note 7; and
- (ii) Corporate guarantee by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**19. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

Term loan 9 of the Group of RM377,861 bears interest at 5.64% per annum and is repayable by monthly instalments of RM3,395 over twelve years commencing from the day of first drawdown and is secured and supported as follows:

- (i) First party legal charge over the freehold land and building as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

**(b) Finance lease liabilities**

Certain property, plant and equipment and right-of-use assets of the Group as disclosed in Notes 6 and 7 are pledged for financial leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of the lease term. The interest rate implicit in the leases ranging from 2.38% to 5.09% (2021: 2.38% to 5.09%).

Future minimum lease payments under finance lease together with present value of net minimum lease payments are as follows:

	2022 RM	Group 2021 RM
Minimum lease payments		
- not later than one year	220,310	355,892
- later than one year and not later than five years	196,318	416,437
	416,628	772,329
Less: Future finance charges	(38,236)	(71,978)
Present value of minimum lease payments	378,392	700,351
Present value of minimum lease payments payable:		
- not later than one year	200,600	328,625
- later than one year and not later than five years	177,792	371,726
	378,392	700,351
Less: Amount due within twelve months	(200,600)	(328,625)
Amount due after twelve months	177,792	371,726

**(c) Bankers' acceptances**

Bankers' acceptances bear effective interests at rates ranging from 3.31% to 3.34% (2021: 2.06% to 3.61%) per annum and is secured and supported as follows:

- (i) First party legal charge over the freehold lands and buildings as disclosed in Note 6;
- (ii) First party legal charge over the leasehold lands and buildings as disclosed in Note 7; and
- (iii) Corporate guarantee by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**19. LOANS AND BORROWINGS (CONTINUED)****(d) Trust receipts**

Trust receipts bear effective interest at rates from 3.06% to 3.15% (2021: 3.07% to 4.60%) per annum and is secured and supported as follows:

- (i) First party legal charge over the freehold lands and buildings as disclosed in Note 6;
- (ii) Legal charge over the fixed deposit as disclosed in Note 16;
- (iii) Legal charge over the leasehold land and building;
- (iv) Corporate guarantee by the Company;
- (v) Corporate guarantee by the subsidiary; and
- (vi) Joint and several guarantee by the Company's directors and subsidiary's director.

**(e) Bank overdrafts**

The bank overdrafts bear interest rates of:

- (i) 0.50% above Base Lending Rate, calculated on daily rests basis; or
- (ii) 1.25% above Islamic Financing Rate per annum.

The bank overdrafts are secured and supported are as follows:

- (i) First party legal charge over the freehold lands and buildings as disclosed in Note 6;
- (ii) First party legal charge over the leasehold lands and buildings as disclosed in Note 7;
- (iii) Corporate guarantee by the Company; and
- (iv) Joint and several guarantee by the Company's director.

**20. LEASE LIABILITIES**

	<b>Group</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Current	179,549	224,049
Non-current	77,496	257,044
	<b>257,045</b>	<b>481,093</b>

The Group leases a number of shoplots with average lease terms between 1 to 3 years (2021: 1 to 3 years), with option to renew the leases at the end of the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 20. LEASE LIABILITIES (CONTINUED)

Future minimum lease payments under lease liabilities together with the present value of net minimum lease payments are as follows:

	Group	
	2022 RM	2021 RM
Minimum lease payments		
- not later than one year	202,900	249,350
- later than one year but not later than five years	87,841	293,949
	290,741	543,299
Less: Future finance charges	(33,696)	(62,206)
Present value of minimum lease payments	257,045	481,093
Present value of minimum lease payments payables		
- not later than one year	179,549	224,049
- later than one year but not later than five years	77,496	257,044
	257,045	481,093
Less: Amount due within twelve months	(179,549)	(224,049)
Amount due after twelve months	77,496	257,044

## 21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Other payables	(a)	-	747,000	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables					
- third parties		35,203,794	34,906,806	-	-
- related party		867	154,110	-	-
	(b)	35,204,661	35,060,916	-	-
<b>Non-trade</b>					
Other payables	(a)	1,156,830	318,523	64,730	31,695
Accruals		1,541,150	932,114	56,128	50,821
Deposit received		190,136	106,615	-	-
		2,888,116	1,357,252	120,858	82,516
		38,092,777	36,418,168	120,858	82,516
Total trade and other payables		38,092,777	37,165,168	120,858	82,516

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 21. TRADE AND OTHER PAYABLES (CONTINUED)

## (a) Other payables

Included in other payables of the Group is an amount of RM187,000 (2021: RM747,000) being remaining purchase consideration payable for the investment of an associate as disclosed in Note 10.

## (b) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 days to 120 days (2021: 30 days to 120 days).

## 22. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:				
- Sales of goods	124,930,052	110,590,449	-	-
- Management fees received from a subsidiary	-	-	278,000	-
	124,930,052	110,590,449	278,000	-
Revenue from other sources:				
- Gross dividend income from a subsidiary*	-	-	-	2,650,000
	-	-	-	2,650,000
	124,930,052	110,590,449	278,000	2,650,000
Timing of revenue:				
- At a point in time	124,930,052	110,590,449	-	-
- Over time	-	-	278,000	-
	124,930,052	110,590,449	278,000	-

\* Dividend income does not arise from a contract with a customer, thus it is not within the scope of MFRS 15, and therefore, no disclosure of timing of revenue recognition is required.

## 23. FINANCE COSTS

	Group	
	2022 RM	2021 RM
Interest expense on:		
- Term loans	375,952	299,381
- Finance lease liabilities	32,259	47,627
- Bankers' acceptances	120,183	135,824
- Trust receipts	327,978	441,289
- Bank overdrafts	6,872	60,039
- Lease liabilities	28,239	29,280
	891,483	1,013,440

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 24. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- current year	110,000	110,000	26,000	26,000
- non-audit fee	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	1,065,392	1,011,439	-	-
Depreciation of right-of-use assets	939,461	671,672	-	-
Impairment losses on trade receivables	79,554	676,662	-	-
Bad debts written off	5,425	-	-	-
Staff costs (Note 26)	7,257,096	7,385,196	183,000	183,000
Property, plant and equipment written off	28,505	650	-	-
Rental expenses				
- equipment	41,024	57,422	-	-
Loss on disposal of investment property	-	350,000	-	-
Refund of insurance claims	242,781	-	-	-
Bad debts recovered	(4,211)	(18,000)	-	-
Insurance claims	(38,273)	(530,557)	-	-
Interest income	(271,430)	(235,034)	(152,470)	(137,216)
Reversal of impairment losses on trade receivables	(302,476)	(88,320)	-	-
Realised gain on foreign exchange	(9,387)	(64,581)	-	-
Rental income	(207,500)	(199,993)	-	-

## 25. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current financial year				
- income tax expense	1,862,324	1,838,914	46,982	-
- deferred tax expense	31,566	-	-	-
	1,893,890	1,838,914	46,982	-
Under provision in prior financial year				
- income tax expense	59,006	447,248	30,088	-
	59,006	447,248	-	-
	1,952,896	2,286,162	77,070	-



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 25. TAXATION (CONTINUED)

A reconciliation of tax expense on profit/(loss) before taxation with the applicable statutory income tax rate is as follow:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before taxation	9,016,131	5,132,094	(263,169)	1,825,454
Income tax at statutory tax rate of 24%	2,163,871	1,231,703	(63,161)	438,109
Tax effects in respect of:				
Income not subject to tax	(640,772)	(146,186)	-	(636,000)
Non-deductible expenses	351,603	753,397	110,143	197,891
Deferred tax asset not recognised	19,188	-	-	-
Current financial year tax expense	1,893,890	1,838,914	46,982	-

As at 28 February 2022, the Group has the following deferred tax assets which are not recognised in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised:

	Group	
	2022 RM	2021 RM
Excess of net carrying value over tax written down value of property, plant and equipment	(110,944)	-
Unabsorbed business losses	43,824	30,779
Unabsorbed capital allowances	117,391	304
	50,271	31,083

As at 28 February 2022, the Group has unabsorbed business losses of approximately RM182,000 (2021: RM128,000) and unabsorbed capital allowances of RM489,000 (2021: RM1,200).

The unabsorbed business losses will expire in the following financial years:

	Group	
	2022 RM	2021 RM
Year of assessment		
2029	128,000	128,000
2032	54,000	-
	182,000	128,000

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 26. STAFF COSTS

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Salaries, bonus and allowances	(a)	6,266,814	6,327,757	183,000	183,000
EPF contributions		790,244	819,214	-	-
Other staff related expenses		200,038	238,225	-	-
		7,257,096	7,385,196	183,000	183,000
Included in staff costs are					
- directors' fees		168,000	168,000	168,000	168,000
- directors' salaries, allowances, incentives and bonuses		712,675	361,794	15,000	15,000
- directors' defined contribution plans		75,133	38,334	-	-
- directors' other emoluments		30,769	2,046	-	-
		986,577	570,174	183,000	183,000

## (a) Salaries, bonus and allowances

Salaries, bonus and allowances are nett of wage subsidy received from the Government of Malaysia amounted to RM698,400 (2021: RM908,600).

## 27. EARNINGS PER SHARE

*Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share at 28 February 2022 was based on the profit attributable to ordinary shares and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2022 RM	2021 RM
Profit for the year attributable to owners of the Company	7,063,235	2,845,932
Weighted average number of ordinary shares at 28 February	343,223,241	305,459,712
Basic earnings per ordinary share	0.02	0.01

*Diluted earnings per ordinary share*

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares as at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**28. DIVIDEND**

The Company paid an interim single tier dividend of 0.30 sen per ordinary share amounting to RM942,180 in respect of the financial year ended 28 February 2021 on 30 November 2020.

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2022.

**29. SEGMENT INFORMATION**

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resources allocation and performance assessment.

The two reportable operating segments are as follows:

<b>Segments</b>	<b>Products and services</b>
<b>Industrial users</b>	Sales of electrical products and accessories to electrical contractors, electrical products manufacturers, factory and business owners, and others.
<b>Resellers</b>	Sales of electrical products and accessories to intermediaries including distributors and retailers.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 29. SEGMENT INFORMATION (Continued)

Inter-segment pricing is determined on negotiated basis.

	Note	Industrial users RM	Resellers RM	Others RM	Adjustment and eliminations RM	Total RM
<b>28 February 2022</b>						
<b>Revenue:</b>						
Revenue from external customers		104,940,929	19,989,123	-	-	124,930,052
Inter-segment revenue		12,285,953	-	1,946,000	(14,231,953)	-
	22	117,226,882	19,989,123	1,946,000	(14,231,953)	124,930,052
<b>Segment profit</b>						
Other income		17,722,861	2,190,132	-	-	19,912,993
Administrative expenses						862,557
Finance costs	23					(12,871,962)
Share of results of an associate	10					(891,483)
Income tax expense	25					2,004,026
						(1,952,896)
Profit for the financial year						7,063,235
<b>Results:</b>						
<i>Included in the measure of segments profit are:</i>						
Staff costs	26					7,257,096
Depreciation of property, plant and equipment	24					1,065,392
Depreciation of right-of-use assets	24					939,461

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 29. SEGMENT INFORMATION (Continued)

	Note	Industrial users RM	Resellers RM	Others RM	Adjustment and eliminations RM	Total RM
<b>28 February 2021</b>						
<b>Revenue:</b>						
Revenue from external customers		91,602,151	18,988,298	-	-	110,590,449
Inter-segment revenue		10,577,213	-	2,650,000	(13,227,213)	-
	22	102,179,364	18,988,298	2,650,000	(13,227,213)	110,590,449
<b>Segment profit</b>						
Other income		16,360,494	2,390,765	-	-	18,751,259
Administrative expenses						1,165,450
Finance costs	23					(14,371,216)
Share of results of an associate	10					(1,013,440)
Income tax expense	25					600,041
						(2,286,162)
Profit for the financial year						2,845,932
<b>Results:</b>						
<i>Included in the measure of segments profit are:</i>						
Staff costs	26					7,385,196
Depreciation of property, plant and equipment	24					1,011,439
Depreciation of right-of-use assets	24					671,672

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets at amortised cost				
- Trade and other receivables	34,127,349	36,051,220	26,795,905	17,444,565
- Cash and cash equivalents	23,782,825	25,708,116	6,079,326	11,021,916
	57,910,174	61,759,336	32,875,231	28,466,481
Financial liabilities at amortised cost				
- Loans and borrowings	27,443,182	24,196,019	-	-
- Lease liabilities	257,045	481,093	-	-
- Trade and other payables	38,092,777	37,165,168	120,858	82,516
	65,793,004	61,842,280	120,858	82,516

(b) Net (losses)/gains arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Net (losses)/gains on:				
Financial assets at amortised cost	507,950	(270,727)	152,470	137,216
Financial liabilities at amortised cost	(891,483)	(1,013,440)	-	-
	(383,533)	(1,284,167)	152,470	137,216

## 31. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

## (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (a) Credit risk (Continued)

## (i) Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and subscribed to trade credit insurance policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Credit evaluations are performed on all new customers receiving credit over a certain amount to mitigate the exposure to credit risk. Credit exposure of overseas customers is minimal as most of the overseas customers transact via letter of credits, which are guaranteed by banks before the shipments of goods.

At each reporting date, the Group assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is when an account is 365 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

There are no significant changes as compared to previous year.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

*Concentration of credit risk*

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group 2022 RM	2021 RM
Domestic	33,768,925	34,535,555

*Recognition and measurement of impairment losses*

When an account is more than 120 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 120 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (a) Credit risk (Continued)

## (i) Receivables (Continued)

*Recognition and measurement of impairment losses (Continued)*

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises based on ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions. There is no collective lifetime ECLs being recognised as at the end of the reporting period based on the Group's past lost rate experiences.

The Group maintains an ageing analysis in respect of trade receivables. The ageing of trade receivables as at the end of the reporting period is disclosed in Note 14(a).

## (ii) Financial guarantees contracts

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The table below summarised the maximum exposure to credit risk of the Group and of the Company as at the end of the reporting period:

	Group 2022 RM	2021 RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 19)	52,694,286	43,668,786
Corporate guarantees issued in favour of third parties	324,370	324,370
	53,018,656	43,993,156
	Company 2022 RM	2021 RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 19)	52,694,286	43,668,786

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**31. FINANCIAL RISK MANAGEMENT (Continued)****(a) Credit risk (Continued)****(iii) Inter-company advances***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to a wholly owned subsidiary. The Company does not have a formal policy for managing credit risk arising from advances to the subsidiary as exposure is not considered significant.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

*Recognition and measurement of impairment losses*

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advances to a subsidiary is not recoverable.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (b) Liquidity risk (Continued)

## Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2022	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Term loans	15,409,869	3.37% - 5.64%	20,224,841	1,362,569	5,450,274	13,411,998
Finance lease liabilities	378,392	2.38% - 5.09%	416,628	220,310	196,318	-
Bankers' acceptances	2,490,000	3.31% - 3.34%	2,490,000	2,490,000	-	-
Trust receipts	9,164,921	3.06% - 3.15%	9,164,921	9,164,921	-	-
Lease liabilities	257,045	5.70% - 6.00%	290,741	202,900	87,841	-
Trade and other payables	38,092,777	-	38,092,777	38,092,777	-	-
	65,793,004		70,679,908	51,533,477	5,734,433	13,411,998
Financial guarantees* (Note 31(a)(ii))	-	-	324,370	324,370	-	-
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	120,858	-	120,858	120,858	-	-
Financial guarantees* (Note 31(a)(ii))	-	-	52,694,286	52,694,286	-	-

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (b) Liquidity risk (Continued)

## Maturity analysis (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
<b>2021</b>						
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Term loans	7,510,312	3.37% - 5.64%	9,524,045	897,575	3,333,512	5,292,958
Finance lease liabilities	700,351	2.38% - 5.09%	774,610	355,699	418,911	-
Bankers' acceptances	3,563,000	2.06% - 3.61%	3,563,000	3,563,000	-	-
Trust receipts	11,534,137	3.07% - 4.60%	11,534,137	11,534,137	-	-
Bank overdrafts	888,219	5.97% - 6.89%	888,219	888,219	-	-
Lease liabilities	481,093	5.70% - 6.00%	543,300	249,350	293,950	-
Trade and other payables	37,165,168	-	37,165,168	36,418,168	747,000	-
	61,842,280		63,992,479	53,906,148	4,793,373	5,292,958
Financial guarantees* (Note 31(a)(ii))	-	-	324,370	324,370	-	-
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	82,516	-	82,516	82,516	-	-
Financial guarantees* (Note 31(a)(iii))	-	-	43,668,786	43,668,786	-	-

\* As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

## (i) Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

*Risk management objectives, policies and processes for managing the risk*

The Group does not hedge its exposure to foreign currency risk. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

The Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM
<b>Group</b>	
<b>2022</b>	
Cash and cash equivalents	351
<b>2021</b>	
Cash and cash equivalents	392

*Currency risk sensitivity analysis*

A 10% (2021: 10%) strengthening of the following currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2022 RM	2021 RM
<b>Group</b>		
USD	27	30

A 10% (2021: 10%) weakening of the above currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (c) Market risk (Continued)

## (ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group utilises short term borrowings for working capital purposes and borrow term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is not considered to be significant.

*Exposure to interest rate risk*

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	2022 RM	Group 2021 RM
<b>Fixed rate instruments</b>		
Financial assets	1,174,629	1,099,921
Financial liabilities	(635,437)	(1,181,444)
	539,192	(81,523)
<b>Floating rate instruments</b>		
Financial liabilities	(27,064,790)	(23,495,668)

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**31. FINANCIAL RISK MANAGEMENT (Continued)****(c) Market risk (Continued)****(ii) Interest rate risk (Continued)***Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Group Profit or loss</b>	
	<b>100 bp increase RM</b>	<b>100 bp decrease RM</b>
<b>2022</b>		
Floating rate instruments	(205,692)	205,692
<b>2021</b>		
Floating rate instruments	(178,567)	178,567

**(d) Fair value information**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 31. FINANCIAL RISK MANAGEMENT (Continued)

## (d) Fair value information (Continued)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments not carried at fair value					Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total RM		
<b>2022</b>							
<b>Financial liabilities</b>							
Term loans	-	-	13,500,383	13,500,383	13,500,383	13,500,383	15,409,868
Finance lease liabilities	-	-	398,369	398,369	398,369	398,369	378,392
	-	-	13,898,752	13,898,752	13,898,752	13,898,752	15,788,260
<b>2021</b>							
<b>Financial liabilities</b>							
Term loans	-	-	7,166,402	7,166,402	7,166,402	7,166,402	7,510,312
Finance lease liabilities	-	-	733,938	733,938	733,938	733,938	700,351
	-	-	7,900,340	7,900,340	7,900,340	7,900,340	8,210,663

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**31. FINANCIAL RISK MANAGEMENT (Continued)****(d) Fair value information (Continued)****Policy of transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year (2021: no transfer in either directions).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

*Financial instruments not carried at fair value*

Type	Description of valuation technique and inputs used
Finance lease liabilities and term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

*Valuation processes applied by the Group for Level 3 fair value*

The Group uses discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

**32. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group manages the capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 28 February 2022 and the financial period ended 28 February 2021.

The Group monitors capital using gearing ratio. The gearing ratio calculated as total interest-bearing borrowings divided by total equity of the Group.

The gearing ratio as at 28 February 2022 and 28 February 2021 are as follows:

	Group 2022 RM	2021 RM
Total interest-bearing borrowings	27,443,182	24,196,019
Total equity	84,416,919	72,641,520
Gearing ratio %	33%	33%

There were no changes in the Group's approach to capital management during the financial year under review.

The Group is required to comply with externally imposed capital requirements on leverage ratio and maintain certain net worth in respect of its bank borrowings. The Group has complied with those capital requirements.

**33. OPERATING LEASE ARRANGEMENTS****As lessor**

The Group leases several of its investment properties for lease term of 1 year (2021: 1 year). Rental charges are revised every 2 years (2021: 2 years) to reflect current market conditions.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group 2022 RM	2021 RM
Not later than one year	174,000	77,000
More than one year and not later than five years	67,500	-
	241,500	77,000

**34. CAPITAL COMMITMENTS**

	Group 2022 RM	2021 RM
Acquisition of property, plant and equipment:		
Approved but not contracted for	-	10,650,000

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2022 (Cont'd)

## 35. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

The Group and the Company have related party relationship with associate, entity in which certain directors have interests, entity owned by persons connected to a director, directors and key management personnel.

**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>(a) Subsidiary</b>				
Dividend income	-	-	-	(2,650,000)
Management fees received	-	-	(278,000)	-
<b>(b) Associate</b>				
Sales of goods	(2,072,617)	(590,264)	-	-
Purchases of goods	123,355	158,026	-	-
<b>(c) Entity owned by persons connected to a director</b>				
Sales of goods	-	(3,291)	-	-
<b>(d) Key management personnel compensation</b>				
Salaries, allowances, fees, incentives and bonuses	1,055,728	839,518	-	-
Defined contribution plans	120,563	97,378	-	-
Other staff related expenses	88,273	6,356	-	-
	1,264,564	943,252	-	-
<b>(e) Directors' remuneration</b>				
Directors' fees	168,000	168,000	168,000	168,000
Directors' salaries, allowances, incentives and bonuses	712,675	361,794	15,000	15,000
Directors' defined contribution plans	75,133	38,334	-	-
Directors' other emoluments	30,769	2,046	-	-
	986,577	570,174	183,000	183,000

Significant related party balances related to the above transactions are disclosed in Notes 14 and 21.

## NOTES TO THE FINANCIAL STATEMENTS

### 28 FEBRUARY 2022 (Cont'd)

#### 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 9 March 2021, the Company issued 1,660,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM498,000 for working capital purposes.
- (b) On 3 May 2021, the Company issued 5,835,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM1,750,500 for working capital purposes.
- (c) On 12 May 2021, the Company issued 7,000,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM2,100,000 for working capital purposes.
- (d) On 18 October 2021, the Company has entered into a shares sales agreement with Lee Yuen How "the Promoter" and EV Connection Sdn. Bhd. for a proposed acquisition of 10% equity interest in EV Connection Sdn. Bhd. for a total purchase cash consideration of RM1 million comprising of 110,000 ordinary shares in EV Connection Sdn. Bhd.
- (e) On 28 December 2021, the Company issued 2,083,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM499,992 for working capital purposes.

#### 37. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.
- (b) The registered office of the Company is located at:  
  
Unit 30-01, Level 30 Tower A  
Vertical Business Suite Avenue 3  
Bangsar South, No 8 Jalan Kerinchi  
59200 Kuala Lumpur
- (c) The principal place of business of the Company is located at:  
  
PLO 264, No.14, Jalan Firma 3  
Kawasan Perindustrian Tebrau 4  
81100 Johor Bahru
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

#### 38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 May 2022.

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 68 to 129 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 February 2022 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**TANG PEE TEE @ TAN CHANG KIM**  
Director

Kuala Lumpur

30 May 2022

**TAN YUSHAN**  
Director

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **TAN YUSHAN**, being the director primarily responsible for the financial management of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do solemnly and sincerely declare that the financial statements set out on pages 68 to 129 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN YUSHAN (MIA 34410)**

Subscribed and solemnly declared  
by the abovenamed at Kuala Lumpur  
on 30 May 2022

Before me

**S. ARULSAM Y**  
**W-490**  
Commissioner of Oaths  
Kuala Lumpur, Malaysia

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of ACO Group Berhad, which comprise the statements of financial position as at 28 February 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<p><u>Valuation of trade receivables</u></p> <p>Refer to Note 3.4 – Significant Accounting Policies, Note 5.1 – Significant Accounting Estimates and Judgements, and Note 14 – Trade and Other Receivables</p> <p>The Group had trade receivables, net of impairment, amounted to RM33,768,925 as at 28 February 2022.</p> <p>The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' ageing profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required.</p> <p>We focused on this area as the determination of impairment provision requires management to make significant judgement and assumptions.</p>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> <li>We have reviewed the management's process in identifying long outstanding receivables;</li> <li>We have tested the trade receivables ageing reports on sampling basis in order to place reliance on the ageing report as a basis for impairment provisions made;</li> <li>We have reviewed ageing for past due balances on a sampling basis to ascertain the adequacy of impairment made on trade receivables;</li> <li>We have evaluated the Expected Credit Loss ("ECL") model calculations, agreed the data inputs and checked the mathematical accuracy of the calculations; and</li> <li>We have reviewed subsequent collections of receivables for selected customers.</li> </ul>



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)

### Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p><u>Valuation of trade receivables</u></p> <p>Refer to Note 3.8 – Significant Accounting Policies, Note 5.2 – Significant Accounting Estimates and Judgements and Note 13 - Inventories</p> <p>As at 28 February 2022, included in the carrying values of the inventories of the Group was trading goods amounted to RM42,007,159.</p> <p>The Group's evaluation process in assessing the adequacy of inventory write-downs as described in Note 5.2 to the financial statements include ageing analysis, technical assessment and subsequent events. Accordingly, there is a level of judgement in assessing the inventory provision.</p>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> <li>• We have performed test on inventory costing;</li> <li>• We have reviewed the management's process in identifying slow moving or obsolete inventories;</li> <li>• We have performed net realisable value ("NRV") test on items of inventories on sampling basis to assess if inventories are properly written down to lower of cost and net realisable value; and</li> <li>• We have performed inventory count observation at all selected locations within scope.</li> </ul>

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report and Statement on Risk Management Internal Controls included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACO GROUP BERHAD (Cont'd)

### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**RSM MALAYSIA PLT**  
202206000002 (LLP0030276-LCA) & AF 0768  
Chartered Accountants

Kuala Lumpur

30 May 2022

**Lou Hoe Yin**  
03120/04/2024 J  
Chartered Accountant

## LIST OF PROPERTIES OWNED BY GROUP

### 28 FEBRUARY 2022

No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2022 RM'000	Date of Last Revaluation (R)/ Acquisition (A)
1	H.S. (M) 9001, PT 35164 Sungai Purun, Mukim Semenyih, Daerah Hulu Langat, Negeri Selangor, bearing postal address of No. 1, Jalan 2, Kawasan Perindustrian Lekas 18, 43500 Semenyih, Selangor Darul Ehsan	996.39	492.75	Distribution centre (1 and a half storey semi-detached factory)	Freehold	-	9 years	3,507	26-Apr-16 (A)
2	GM 10124, Lot 12636 Muar, Mukim Bandar, Daerah Muar, Negeri Johor, bearing postal address of No. 10, Jalan Susur, Off Jalan Sungai Abong, 84000 Muar, Johor Darul Takzim	145.00	429.21	Sales outlet (3 storey shop office)	Freehold	-	20 years	866	9-Jun-18 (A)
3	GRN 250553, Lot 182788, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No.12, Jln Sri Plentong 10, Taman Perindustrian Sri Plentong, 81750 Masai Johor Darul Takzim	1,589.00	992.76	Distribution centre (1 and a half storey semi-detached factory)	Freehold	-	13 years	1,938	28-Feb-15 (R)
4	GRN 242081, Lot 51223, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 50, Jalan Seroja 45, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	463.00	547.76	Sales outlet (Single storey terrace workshop)	Freehold	-	30 years	1,304	2-Feb-21 (A)
5	GRN 250551, Lot 182787, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 14, Jalan Sri Plentong 10, Taman Perindustrian Sri Plentong, 81750, Masai, Johor Bahru, Johor Darul Takzim	1,589.00	990.91	Rental property (1 and a half storey semi-detached factory)	Freehold	-	13 years	2,900	14-Jan-21 (R)
6	GRN 242093, Lot 51283, Mukim Plentong, Daerah Johor Bahru, Negeri Johor bearing postal address of No. 24, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	451.00	569.50	Rental property (1 storey terrace workshop with mezzanine floor)	Freehold	-	30 years	1,700	9-Jun-20 (R)

## LIST OF PROPERTIES OWNED BY GROUP

28 FEBRUARY 2022 (Cont'd)

No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2022 RM'000	Date of Last Revaluation (R)/ Acquisition (A)
7	GRN 436667, Lot 51241, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 108, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	548.13	Sales outlet (1 and a half storey terrace factory)	Freehold	-	30 years	1,112	24-Apr-19 (R)
8	GRN 243035, Lot 51240, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 110, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	408.77	Sales outlet (1 and a half storey terrace factory)	Freehold	-	30 years	1,136	24-Apr-19 (R)
9	GRN 456393, Lot 143286, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 10, Jalan Kempas Utama 3/5, Taman Perindustrian Kempas Utama, 81200 Johor Bahru, Johor Darul Takzim	1,772.00	1,059.93	Sales outlet (Corner 1 and a half storey semi-detached factory)	Freehold	-	11 years	2,919	11-Apr-18 (A)
10	HSD 493851, PTD 76050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor, bearing postal address of PLO 264, No.14, Jalan Firma 3, Kawasan Perindustrian 4, 81100 Johor Bahru, Johor Tarul Takzim	8,781.00	5,404.15	Group's headquarter, distribution centre and sales outlet (Single storey detached factory with 3 storey office building, 1 and a half storey detached factory, 1 single storey detached warehouse)	38 years lease expiring on 31 January 2060	2060	8 years	10,975	12-Mar-21 (A)
11	PN 48301, Lot 16700, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 1, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	937.00	981.83	Sales outlet (Corner 1 and a half storey semi-detached factory) "	99 years lease expiring on 12 July 2106	2106	15 years	1,584	8-Jun-17 (A)
12	PN 48303, Lot 16701, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 3, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	876.00	981.83	Sales outlet (Intermediate 1 and a half storey semi-detached factory)	99 years lease expiring on 12 July 2106	2106	15 years	1,484	8-Jun-17 (A)

## ANALYSIS OF SHAREHOLDINGS

### AS AT 31 MAY 2022

Issued Share Capital	:	347,371,300 shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

#### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 — 99	2	0.05	100	0.00
100 — 1,000	418	10.64	248,900	0.07
1,001 — 10,000	1,663	42.32	10,704,900	3.08
10,001 — 100,000	1,648	41.93	57,888,200	16.67
100,001 — less than 5% of issued shares	197	5.01	68,059,200	19.59
5% and above of issued shares	2	0.05	210,470,000	60.59
<b>Total</b>	<b>3,930</b>	<b>100.00</b>	<b>347,371,300</b>	<b>100.00</b>

#### SUBSTANTIAL SHAREHOLDERS

(According to the Register of the Directors' Shareholdings as at 31 May 2022)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Kompas Realty Sdn. Bhd.	210,470,000	60.59	-	-
2. Tang Pee Tee @ Tan Chang Kim	-	-	210,470,000 <sup>(1)</sup>	60.59
3. Jin Siew Yen	-	-	210,470,000 <sup>(1)</sup>	60.59
4. Tan Yushan	-	-	210,470,000 <sup>(1)</sup>	60.59

**Note:**

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn Bhd (formerly known as Kompas Electrical Distributor Sdn Bhd) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

#### DIRECTORS' SHAREHOLDINGS

(According to the Register of the Substantial Shareholders as at 31 May 2022)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Tang Pee Tee @ Tan Chang Kim	-	-	210,470,000 <sup>(1)</sup>	60.59
2. Tan Yushan	-	-	210,470,000 <sup>(1)</sup>	60.59
3. Yap Koon Roy	200,000	0.06	-	-
4. Dr. Teh Chee Ghee	200,000	0.06	-	-
5. Ir. Dr. Ng Kok Chiang	1,088,000	0.31	-	-

**Note:**

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn Bhd (formerly known as Kompas Electrical Distributor Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MAY 2022 (Cont'd)

## LIST OF 30 LARGEST SHAREHOLDERS

As at 31 May 2022

Name of Shareholders	No. of Shares	%
1. KOMPAS REALTY SDN BHD	165,470,000	47.63
2. KOMPAS REALTY SDN BHD	45,000,000	12.95
3. BOON MING CHOON	5,470,300	1.57
4. WONG KIM LIAN	3,720,000	1.07
5. TAN YIN LING	3,500,000	1.01
6. ANG BOON GUAN	3,036,000	0.87
7. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM TECK	1,241,000	0.36
8. CHOO TECK KEONG	1,235,000	0.36
9. TAN HOW CHING	1,214,500	0.35
10. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD DOM BIN AHMAD	1,000,000	0.29
11. LIN CHEE SENG	1,000,000	0.29
12. NG CHIN HOE	1,000,000	0.29
13. NG CHIN LEONG	1,000,000	0.29
14. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR TA DANA OPTIMIX	850,000	0.24
15. LEE SWEE WING	750,000	0.22
16. THAM YIING WOEI	701,300	0.20
17. SAW GHEE KEONG	700,000	0.20
18. NG CHING HUWAI	690,700	0.20
19. NG KOK CHIANG	688,000	0.20
20. DOY CHEE FU	661,000	0.19
21. TAN MIANG SOON @ GOH KOON YEOW	547,000	0.16
22. UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	520,000	0.15
23. CH'NG AI LIN	500,000	0.14
24. LIONEL KOH KOK PENG	500,000	0.14
25. MOHAMAD RIDZHUAN FIRDAUS MAULA RAJA AZNIN	498,500	0.14
26. MAYBANK NOMINEES (TEMPATAN) SDN BHD KUEK FOOK HAI	440,000	0.13
27. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH SWEE HUAT (E-KLC)	440,000	0.13
28. BAHARUDDIN BIN OMAR	438,600	0.13
29. WONG SIU CHUNG	420,000	0.12
30. TAN LAI HUAN	413,600	0.12
TOTAL	243,645,500	70.14



## NOTICE OF THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting (“AGM”) of ACO Group Berhad (“Company” or “ACO”) will be conducted fully virtual through online meeting platform via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **28 July 2022, Thursday at 10.00 a.m.** for the following purposes:-

### AGENDA

#### A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 28 February 2022 together with the Reports of the Directors and Auditors thereon. *[Please refer to the Explanatory Notes to the Agenda]*
2. To re-elect the following Director who is retiring in accordance with Clause 76(3) of the Constitution of the Company: -
  - 2.1 Teh Chee Ghee *(Ordinary Resolution 1)*

Ms Chai Poh Choo, who is retiring in accordance with Clause 76(3) of the Constitution of the Company will be retiring at the conclusion of this Third AGM.
3. To approve the payment of the Directors’ fees of RM168,000.00 for the financial year ended 28 February 2022. *(Ordinary Resolution 2)*
4. To approve the payment of the Directors’ benefits up to RM29,500.00 for the period from Third AGM until the Fourth AGM of the Company. *(Ordinary Resolution 3)*
5. To re-appoint Messrs RSM Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Ordinary Resolution 4)*

#### B. Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions: -

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *(Ordinary Resolution 5)*

“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

# NOTICE OF THIRD ANNUAL GENERAL MEETING

(Cont'd)

## 7. PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING OF ACO ("PROPOSED VARIATION") (Ordinary Resolution 6)

"THAT subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Company to vary the use of proceeds raised from the initial public offering in the manner set out in the Circular to shareholders of the Company.

AND THAT the Directors, be and are hereby authorised to do all acts, deeds and things, and execute all necessary documents as they may consider necessary or expedient or in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Variation."

### C. Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board

**WONG WAI FOONG (MAICSA 7001358)(SSM PC NO. 202008001472)**

**FONG SEAH LIH (MAICSA 7062297)(SSM PC NO. 202008000973)**

Company Secretaries

Kuala Lumpur

29 June 2022

### NOTES:-

#### 1. IMPORTANT NOTICE

Members **will not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.

Members are to attend and post questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 July 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. A member who has appointed a proxy/attorney/authorised representative to participate at this 3rd AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at <https://tiih.online>. Kindly refer to the Procedure for RPV as set out in the Administrative Guide for the 3rd AGM.

## NOTICE OF THIRD ANNUAL GENERAL MEETING

(Cont'd)

7. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
  - i. In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - ii. By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Guide for the Third AGM on the procedures for electronic lodgement of proxy form via TIH Online.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is **Tuesday, 26 July 2022 at 10.00 a.m..**
14. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.  
  
The certificate of appointment of authorised representative should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. **It is important that you read the Administrative Guide for the conduct of the Third AGM.**
16. Shareholders are advised to check the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my) and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

# NOTICE OF THIRD ANNUAL GENERAL MEETING

(Cont'd)

## EXPLANATORY NOTES:

### 1. Audited Financial Statements for the financial year ended 28 February 2022

The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

### 2. Ordinary Resolution 1 Re-election of Director

Clause 76 of the Constitution provides that at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

Chai Poh Choo, who is retiring pursuant to Clause 76 of the Constitution, has indicated that she does not wish to seek for re-election at this Third AGM of the Company. Hence, she shall cease to be a Director of the Company at the conclusion of the Third AGM.

Teh Chee Ghee who is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at this AGM. The Board has through the Nomination Committee, considered the assessment of the Director and collectively agreed that he met the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge his roles as Director.

### 3. Ordinary Resolution 2 Directors' Fees

Ordinary Resolution 2 is to approve the payment of the following Directors' fees payable to Directors for the financial year ended 28 February 2022:-

Category	Non-Executive Chairman	Non-Executive Directors	Executive Directors
<b>The Company</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors' Fees (per annum)	60,000.00	108,000.00	-

### 4. Ordinary Resolution 3 Directors' Benefits

Ordinary Resolution 3 is to approve the payment of the following Directors' benefits for the period from Third AGM until the Fourth AGM of the Company:-

Description	Non- Executive Chairman / Directors	The Company / its subsidiary
<b>Meeting Allowance</b>		
<ul style="list-style-type: none"> <li>Board Meeting (RM500 per attendance)</li> <li>Committee Meeting (RM250 per attendance)</li> </ul>	Each Directors	The Company
<b>Benefits in kind</b>		
Directors and Officers Liability Insurance	All Directors	The Company

## NOTICE OF THIRD ANNUAL GENERAL MEETING (Cont'd)

### 5. Ordinary Resolutions 4 Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs RSM Malaysia PLT as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the Third AGM are disclosed in the Audit and Risk Management Committee Report of the 2022 Annual Report.

### 6. Ordinary Resolution 5 Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Sections 75 and 76 of the Act ("General Mandate") obtained from the shareholders of the Company at the previous AGM and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

As at the date of this notice, the Company has issued and allotted 2,083,300 new ordinary shares of the Company under the Proposed Private Placement made pursuant to the General Mandate, which was approved by the shareholders at the Second AGM held on 25 August 2021 and will lapse at the conclusion of the forthcoming Third AGM to be held on 28 July 2022. The details of the aforesaid issued and allotment of 2,083,300 new ordinary shares of the Company are as follows:-

#### a) Proposed Private Placement

As at the date of this notice, 2,083,300 new ordinary shares were allotted pursuant to the Proposed Private Placement. The total proceeds amounting to RM499,992.00 raised from the Proposed Private Placement are as follows:

Utilisation purposes	Proposed utilisation ("RM")	Actual utilisation ("RM")	Balance	Timeframe for utilisation
Working Capital	499,992.00	499,992.00	-	Within 12 months
Total	499,992.00	499,992.00	-	

### 7. Ordinary Resolution 6 Proposed Variation

Please refer to the Circular to Shareholders released dated 29 June 2022 for more information.

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**PROXY FORM**

Telephone no. (During office hours) \_\_\_\_\_

I/We \_\_\_\_\_ NRIC (New)/ Company No. \_\_\_\_\_  
(PLEASE USE BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

being member(s) of ACO GROUP BERHAD ("Company" or "ACO"), hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting ("AGM") of the Company will be conducted fully virtual through the online meeting platform via TIIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **28 July 2022, Thursday at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Resolution	For	Against
Re-election of Teh Chee Ghee as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 1		
Approval of Directors' fees of RM168,000.00 for the financial year ended 28 February 2022	Ordinary Resolution 2		
Approval of Directors' benefits up to RM29,500.00 for the period from Third AGM until the Fourth AGM of the Company	Ordinary Resolution 3		
Re-appointment of Messrs RSM Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration	Ordinary Resolution 4		
<b>Special Business</b>			
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 5		
Proposed Variation and Extension of Timeframe for the Use of Proceeds Raised from the Initial Public Offering of ACO	Ordinary Resolution 6		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature of Member(s) or/ Common Seal

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**Notes:**

**1. IMPORTANT NOTICE**

Members will not be allowed to attend this AGM in person on the day of the meeting.

Members are to attend and post questions to the Board via real time submission of typed texts and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiah.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

- For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 July 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- A member who has appointed a proxy/attorney/authorised representative to participate at this 3rd AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at <https://tiah.online>. Kindly refer to the Procedure for RPV as set out in the Administrative Guide for the 3rd AGM.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.



9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
- i. In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - ii. By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Guide for the Third AGM on the procedures for electronic lodgement of proxy form via TIH Online.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is Tuesday, 26 July 2022 at 10.00 a.m.
14. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.  
The certificate of appointment of authorised representative should be executed in the following manner:-
- a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. It is important that you read the Administrative Guide for the conduct of the Third AGM.
16. Shareholders are advised to check the Company's website at [www.acogroup.com.my](http://www.acogroup.com.my) and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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**AFFIX  
STAMP**

Share Registrar  
**Tricor Investor & Issuing House Services Sdn. Bhd.**  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

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Fold This Flap For Sealing

[www.acogroup.com.my](http://www.acogroup.com.my)



**ACO GROUP BERHAD**

Registration No. 201901020410 (1329739-A)

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